

# Measuring the effect of loyalty programmes on a leading pet food brand

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# PREFACE

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## **ABSTRACT**

Loyalty programmes, used as a tool to improve brand loyalty among consumers, have grown in popularity in the South African business environment. Loyalty programmes are essential in understanding customers and to keep customers involved while promoting a brand simultaneously.

Although loyalty programmes are also being utilised in the pet food industry, information of the impact it has had on brand loyalty of pet food brands are limited. It is for this reason that the loyalty programme of a leading premium pet food brand, Eukanuba South Africa, has been chosen for the study, to establish how brand loyalty manifests itself in the pet food market.

The aim of the study set out is therefore to establish what brand loyalty constructs are more important to loyalty programme members, assisting in tailoring the brand's marketing methods to attract and retain loyal customers. Moolla and Bisschoff's conceptual brand loyalty model and questionnaire were adapted and utilised to measure nine brand loyalty constructs through 38 questions. The nine constructs measured include brand relevance, perceived value, brand trust, involvement, family/culture, commitment, repeat purchase, brand affect and switching cost/risk aversion.

The empirical study consisted of two independent groups, the Loyalty Programme members and the Breeders' club members. A convenience sample of 1066 Loyalty Programme members were utilised, with 209 respondents. Access was granted to the entire database of breeders, consisting of 1047 breeders, of which 205 responded.

The data was analysed utilising statistical calculations, including the Kaiser-Meyer-Olkin measure of sampling adequacy, the Bartlett's test of sphericity, Cronbach's Alpha coefficient, mean values and Spearman's Correlation. The data was also subjected to a factor analysis with Varimax rotation, which resulted in two conceptual

frameworks, one relating to Loyalty Programme members, the other to Breeders' club members.

The results indicate that there are variations from the nine factors adapted from Moolla and Bisschoff's conceptual model, but that the new conceptual models are reliable. The new conceptual model consisting of nine factors could be established for the Loyalty Programme members, including brand relevance, brand trust, involvement, family/culture, commitment, repeat purchase, brand affect, switching cost/perceived value and risk aversion. These nine factors explain 66.61% of the cumulative variance, indicating that these nine factors are sufficient in explaining brand loyalty among Loyalty Programme members.

The seven factors identified forming part of the conceptual model for the Breeders' club members are brand relevance, commitment, involvement, brand trust, family/culture, repeat purchase and brand affect. These seven factors have also been found to be sufficient in explaining brand loyalty among Breeders' club members, with a cumulative variance of 63.57%.

It can be concluded that the Loyalty Programme members are not representative of the population due to the limited sample, whereas that of the Breeders' club members are as the entire population formed part of the study. It is therefore recommended that a representative sample of Loyalty Programme members should be included in future research. This will also aid in the construction of a customer profile for both Loyalty Programme members and Breeders' Club members that is accurate and reliable, aiding in future marketing endeavours. Managerial attention is also necessary to ensure adequate emphasis is given to different factors, as the two groups will respond differently to brand loyalty constructs.

The study contributes to the body of knowledge relating to brand loyalty in the pet food industry, helping in understanding which brand loyalty constructs are vital in improving and maintaining brand loyalty.

**Key terms:** brand loyalty, loyalty programme, consumer behaviour, pet nutrition

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## **ABBREVIATIONS**

PFI – Pet Food Industry

PMMI – Packaging Machinery Manufacturers Institute

APPA – American Pet Products Association

GIA – Global Industry Analysts

PFMA – Pet Food Manufacturing Association

CBBE – Consumer Based Brand Equity

CRM – Customer Relationship Management

FMCG – Fast Moving Consumer Goods

## DEFINING IMPORTANT CONCEPTS

The main concepts that will be focused on in the study can be defined as follows for shared understanding:

**Consumer Behaviour** – The decisions made by entities such as families, work units and individuals in purchasing goods and services to satisfy their needs (Schiffman & Kanuk, 2010:23).

**Brand equity** – Can be defined as the “marketing and financial values linked with a brand’s strength in the market, including actual proprietary brand assets, brand name awareness, brand loyalty, perceived brand quality, and brand associations” (Severi & Ling, 2013:125).

**Loyalty** – Loyalty is also defined by Oliver (1999:34) as a long-term commitment to consistently repurchase a product or service, regardless of situational changes and competitor marketing.

**Relationship marketing** – Grönroos’s definition of relationship marketing is seen as one of the most comprehensive definitions, indicating that relationship marketing is all about maintaining a relationship with customers and stakeholders at a profit, ensuring all the parties’ needs are fulfilled by exchanging and fulfilling promises with each other (cited by Terblanche, 2003:27).

**Brand loyalty** – Khan and Mahmood (2012:33) defines brand loyalty “as the customer’s unconditional commitment and a strong relationship with the brand, which is not likely to be affected under normal circumstances.”

**Loyalty programme** – Liu (2007:20) refers to a loyalty programme as “a programme that allows consumers to accumulate free rewards when they make repeated purchases with a firm. Such a programme rarely benefits consumers in one purchase but is intended to foster customer loyalty over time”.

# CHAPTER 1 – NATURE AND SCOPE OF THE STUDY

## 1.1 INTRODUCTION

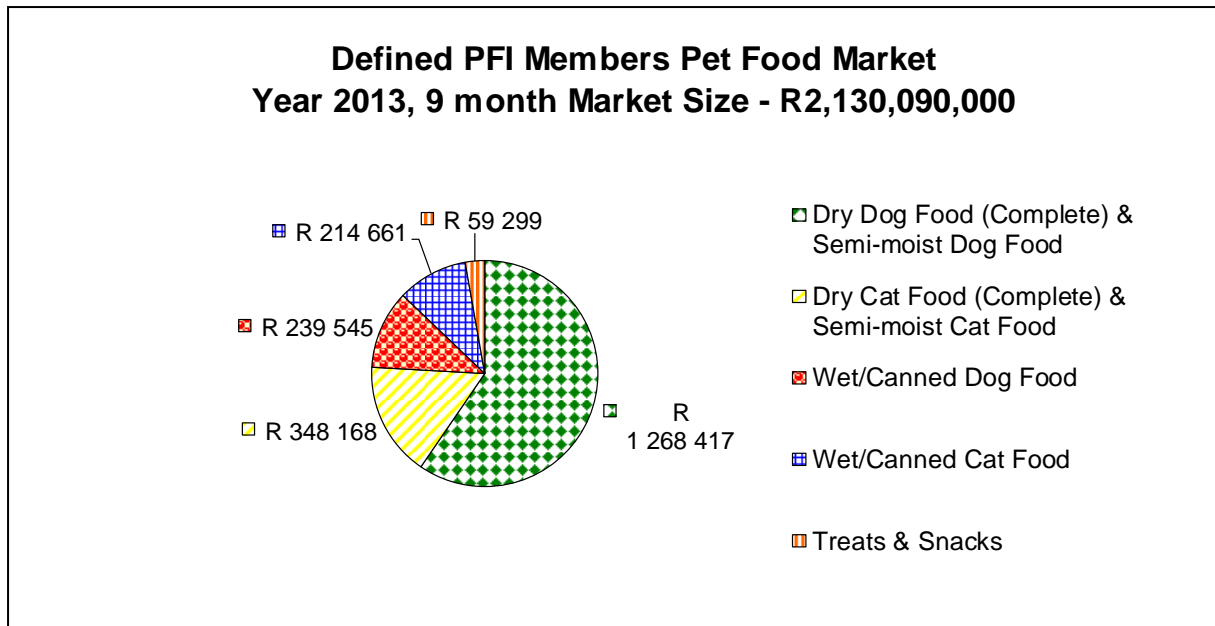
The dog, and today even the cat, can be referred to as ‘a man’s best friend’. The question is how has this relationship influenced spending patterns and behaviour of humans towards their four-legged companions? Research conducted is indicative of the important role companion animals play in the wellbeing of humans (Tesfom & Birch, 2010:898; Lim & Young, 2006:507; Odendaal & Meintjies, 2003:208; Putney, 2013:57; Faver & Cavazos, 2008:254). An analysis of loyalty among humans towards pet food brands and current market characteristics can aid in creating a holistic view of the pet food industry.

Reports relating to the dog food market is sold for thousands of Rands and sometimes even Dollars by independent research entities, such as Euromonitor, PMMI (Packaging Machinery Manufacturers Institute), APPA (American Pet Products Association) and the GIA (Global Industry Analysts) to name a few, making market-related information hard to come by. Most brands have internal programmes reporting on indicators such as sales and the corresponding trends, giving an idea of the effect that loyalty programme offerings have had on sales. This information is pivotal to create a company’s competitive advantage.

The Pet Food Industry Association of South Africa (PFI, 2010) is one association assisting to ensure South African pet owners are protected against poor quality pet food. The Association also acts as a source of information of the pet food industry with information supplied by its members.

The combined R-value market size of the Pet Food Industry Association of South Africa members are R2.13 billion with 135,668 tons of pet food sold in 2013 (PFI, 2013).

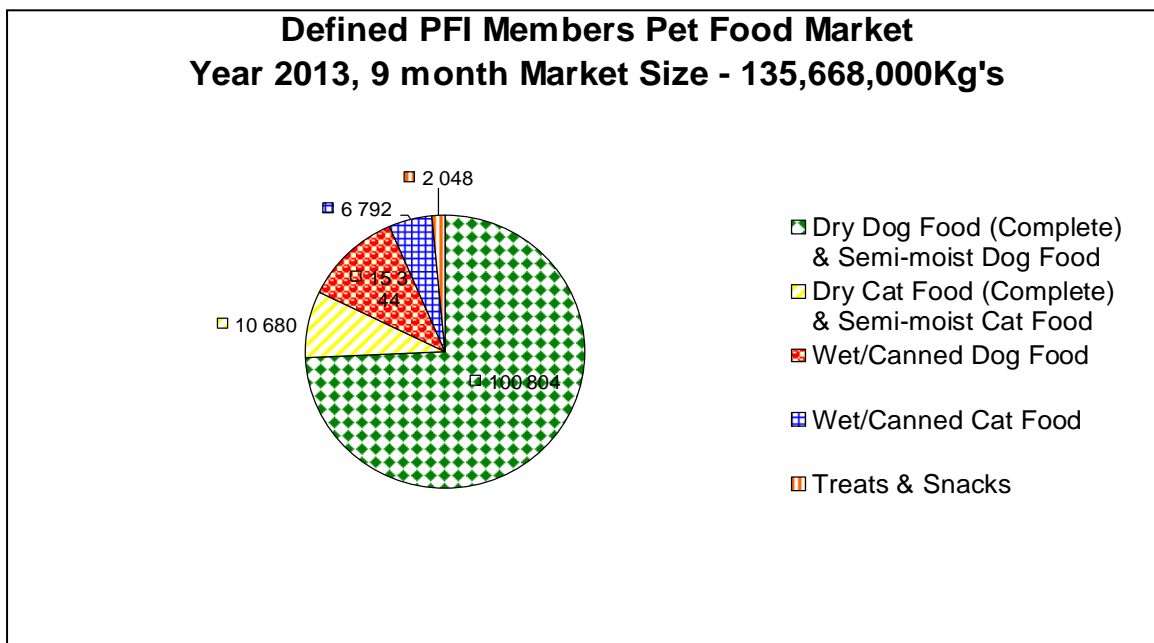
Figure 1.1: Rand-value of pet food market in South Africa



Source: PFI (2013)

Figure 1.1 and 1.2 illustrate how the market of South African PFI members can be divided into different product categories. It is clear that dry dog food is still the best seller when R-value figures and kilograms sold are reviewed, with dry cat food, in second place, falling far behind the R-value and kilograms sold of dog food.

Figure 1.2: Amount of pet food sold in South Africa (kg)



Source: PFI (2013)

According to Euromonitor (2013) perils facing customers such as increasing fuel costs, increased food costs, job insecurity and household debt continues to have a great influence on how customers spend their money. PRWeb (2012) also summarised research by The Pert Group and Brakke Consulting, indicating that pets visited the veterinarian 20% less in 2011 than in 2007, with pet owners spending less money in general on pet health products and that pet food expenditure remained constant. Although humans are much more cash strapped than they were in the past, research by Tesfom and Birch (2010:898) concludes that dog owners are more loyal to dog food brands, are less sensitive to dog food prices and are more health conscious when buying their dogs' food than when buying their own food. This notion is supported by Lue, Pantenburg and Crawford (2007:2), indicating that people with very strong bonds with their animals are not prone to make decisions based on income, but rather to the value of the bond with the animal and the value the veterinarian adds to their pet's health.

Customers purchasing pet food have become much more aware of the nutritional value that pet food offers their pets. The impact that quality perceptions and nutritional value has on pet food product preferences can be seen with the Royal Canin contamination scare and the public outcry as a result of this (Terrazas, 2007:46). In 2007 it was also reported that 30 dogs died due to contaminants in the food they ate as an ingredient from China that was contaminated with melamine (Bamford, 2011). Customers do not want to feed their pets products that could be detrimental to their health and are willing to pay a premium price to ensure they buy a quality product that can be relied upon.

The pet food market also has to constantly change and invest in product development to remain relevant with current trends. The key trend in the pet food industry is that of humanisation of pets, with an increase of products reflecting human diets seen more and more (Cattini, 2011; PRWeb, 2014; Baginsky, 2013).

Pet food companies can benefit greatly when they can assure customers that they are taking care of their pet’s nutritional wellbeing, with a strong brand and excellent customer service, supported by veterinarians (Lue *et al.*, 2007:2; Whitcomb, 2011).

According to the PFI (2013) their members can be divided into three categories, namely grocer, non-grocer and the specialised pet trade. The PFI members and the markets that they serve can be seen in Figure 1.1.

Table 1.1: PFI sales statistics members (2013)

GROCER	NON-GROCER	SPECIALISED PET TRADE
Aquanutro	AFGRI	AfriPet
Cameron Pet Foods	Ensemble Trading 80	Avi Products
Mars Foods	Mars Foods	Borbely Trading
Martin & Martin	Montego Feeds	Hills Pet Nutrition
Montego Feeds	Noordfed	IAMS
Nestle	Omegavet	Mars Foods
Oceana Brands	Orestiwave	Montego Feeds
Petfood Caterers		Nestle
Promeal		Royal Canin

Source: PFI (2013)

Competitors within the South African premium pet food industry include Hill’s Science Diet, Eukanuba, Royal Canin and Vet’s Choice. These competitors market their products by means of veterinary channels. Premium pet food brands also compete in diets that can only be prescribed by veterinarians; these include Hill’s Prescription Diet, Vet Diet Canin and Eukanuba Veterinary diets.

In this study the focus is on one premium brand pet food, namely Eukanuba. Eukanuba is known for its well balanced, nutritious meals catering for different diet requirements according to breed, nutritional needs and health among cats and dogs. Eukanuba has two well-established loyalty programmes with a considerable membership base consisting of pet owners and breeders, a rare find in the South African pet food industry. All the members who decided to partake in the research knowingly and willingly opted to

partake in the brand's marketing endeavours. These factors coupled with a forward thinking management team made Eukanuba South Africa the ideal case study for the proposed study.

## **1.2 PROBLEM STATEMENT**

Loyalty programmes and brand loyalty are two constructs that have been researched extensively in numerous settings (Lara & De Madariaga, 2007; Khan & Mahmood, 2012; Romaniuk & Nenycz-Thiel, 2013; Agudo, Crespo & Del Bosque, 2012). It is unfortunate that these constructs have not been widely researched and adapted to the pet food market in South Africa, making information on the subject hard to come by.

In South Africa, the pet food industry is a large market, with multitudes of South Africans needing to buy pet food. There are numerous dog food brands available to customers, at different pricing points. Customers can easily change the brand and price of the pet food they buy, depending on their preferences of brand and quality of the pet food they feed their pets today. The focus of this study will be on the premium pet food brand segment, as quality pet food can be guaranteed. Premium pet food however also comes at a premium price, making it easy for customers to change brands when the perceived quality can be attained at a lower price.

As the customer has such a wide variety of pet food brands (even in the premium pet food market) to choose from, it is important to differentiate the product offering, not only with the excellent quality of the pet food, but also the value added services offered. Premium pet food brands differentiate themselves in the niche market, through loyalty programme offerings to the customer. These loyalty programmes include discount vouchers on pet food and newsletters personalised to the type of pet owned, aimed at making the customer feel appreciated and valued. This aids in motivating the customer as to why a premium price is paid.

Measuring Eukanuba's Loyalty Programme members perceptions of brand loyalty, can lead to greater insights of the brands' current offering, identifying possible opportunities. It is for this reason that the study addresses the lack of research focusing on the perceptions of South African customers towards a specific premium pet food brand.

According to Sharp and Sharp (1997:474) a loyalty programme's main objectives are to encourage loyal behaviour from customers, reward their loyalty and to minimise the different brands purchased. Up to date, the perceptions of Eukanuba pet food as a brand has not been measured in terms of brand loyalty and customer views of the brand constructs. Information will therefore be generated with regards to how customers perceive and value the brand, even though they are not the direct consumers.

### **1.3 RESEARCH QUESTIONS**

The problem can be summarised with the following research questions, which will aid in clearly defining the constructs at hand:

1. Which constructs influencing brand loyalty are more prominent among pet food loyalty programme members?
2. What impact does brand loyalty have on purchasing behaviour of loyalty programme members?

### **1.4 RESEARCH OBJECTIVES**

#### **1.4.1 Primary objective**

The primary objective of the study is to analyse the brand loyalty of customers and breeders who are members of the loyalty programmes of the leading South African pet food brand Eukanuba.

### **1.4.2 Secondary objectives**

In serving the primary objective, the following secondary objectives have been formulated, namely to:

1. Perform a theoretical study of brand loyalty.
2. Identify, from the literature, a suitable model to measure the brand loyalty.
3. Apply, or adapt if needed, this model and measure the perceptions of the Eukanuba brand by means of a questionnaire.
4. Identify the more important brand loyalty constructs.
5. Determine the reliability of the data.
6. Evaluating how the pet-owner relationship manifests itself in the South African market, and the impact it has on non-consumer brand loyalty.
7. Draw conclusions and make recommendations regarding effective customer-centric loyalty programmes and brand loyalty.

## **1.5 SCOPE OF THE STUDY**

### **1.5.1 Field and sector of the study**

The study falls within the subject discipline of marketing with special reference to brand loyalty within the field of Consumer Behaviour.

### **1.5.2 Organisation under investigation**

The study is carried out on the Eukanuba brand. It is an internationally well-known and distributed brand. The specific focus of the study is on brand loyalty as seen in the South African market. Eukanuba products are distributed in South Africa by a private company, Cube Route who owns the sole distribution rights for sub-Saharan Africa. Cube Route imports Eukanuba dog food directly from the manufacturer, Procter & Gamble, in Holland in the Netherlands. The company minimises risk by importing the product pre-packed and ready for sale. Each bag of pet food undergoes an average of 120 checks, ensuring great quality and safety for your pet, with the manufacturing plants adhering and surpassing standards as set out by the American Institute of Baking (Eukanuba, s.a.:26).

## 1.6 RESEARCH METHODOLOGY

The research took the form of a case study analysis of an international pet food brand's loyalty rewards programme, as the dynamics was tested in a "single bounded system" (Welman, Kruger & Mitchell, 2005:25). The study was of a quantitative nature, focusing on the cross-sectional characteristics of the perceived brand loyalty at a specific time.

The sample consisted of a convenience sample of the ten top performing stores and the entire population of the breeders supplied by Eukanuba in South Africa. The top ten stores are located in and around the economic hubs of South Africa, including Johannesburg, Cape Town and Durban. The model to measure the brand loyalty of fast moving consumer goods designed and tested by Moolla and Bisschoff (2012b:106) was used as a base for the study. The adapted model consists of 38 questions, measuring each of the nine selected constructs that form part of brand loyalty.

Self-selection sampling was applied, which forms part of non-probability sampling. The units of analysis could therefore choose if they would like to respond after the sample units have been asked to participate (Welman *et al.*, 2005:69). This method was chosen, as it proved to be difficult to ensure specific feedback from specific individuals, as customers cannot be forced to respond. A nominal measurement was used, assigning a number to each sample unit, in addition to a demographical data coding system to ensure accuracy when data was analysed. The feedback received was sufficient to make inferences about the population. Statistical analysis of the results included tests such as the population validity test, factor analysis, the test for Cronbach's alpha and analysis of the mean response rate.

According to Brynard and Hanekom (2006:14) "the research should be manageable and clearly demarcated in order to focus on a specific problem, taking into account available

time and finances, sample size and the abilities of the researcher.” The research conducted adhered to all these requirements set out.

## **1.7 LIMITATIONS**

The research proposed is based on a case study analysis of the top 10 selling stores and breeders of Eukanuba distributed in South Africa. The research results will therefore be limited to the sample. No deductions can be made of brand loyalty perceptions of South African Eukanuba customers, only the top 10 stores and cannot be generalised to the entire population. Although further studies of the brand is needed to operationalise the results into the South African market, this study does provide strong indications on brand loyalty and buying behaviour pertaining to the Eukanuba consumer.

The sampling method consisted of a convenience sample, as the group was given to the researcher by the company. Even though the questionnaire was sent to a large population and adequate sample, the resulting responses cannot be extrapolated to the South African environment in totality.

## **1.8 CHAPTER DIVISION**

The chapter division for the dissertation is as follows:

### **Chapter 1: Nature and scope of the study**

A short overview of the industry and suggested research is discussed, elaborating on the key focus and structure of the study. Chapter 1 includes a brief introduction, the problem statement, research objectives and scope of the study, research methodology and possible limitations.

## **Chapter 2: Industry and market**

A review of the industry and market with its unique characteristics that the brand Eukanuba is currently trading in is supplied. This chapter also includes a literature review of the human and companion animal relationship and associated behaviour, highlighting the role it can play in predicting and analysing human behaviour.

## **Chapter 3: Brand loyalty**

A literature review is conducted on brand loyalty, loyalty programmes and consumer behaviour forming part of relationship marketing as a tool. The model designed by Moolla and Bisschoff (2012b:106) measuring the 12 constructs of brand loyalty is reviewed, along with other applicable models.

## **Chapter 4: Research, findings and discussion**

The statistical data results of the empirical study are analysed, including the demographics of the units of analysis and survey results. Chapter four also gives an overview of the research method used and the data gathering process with discussions of the research results.

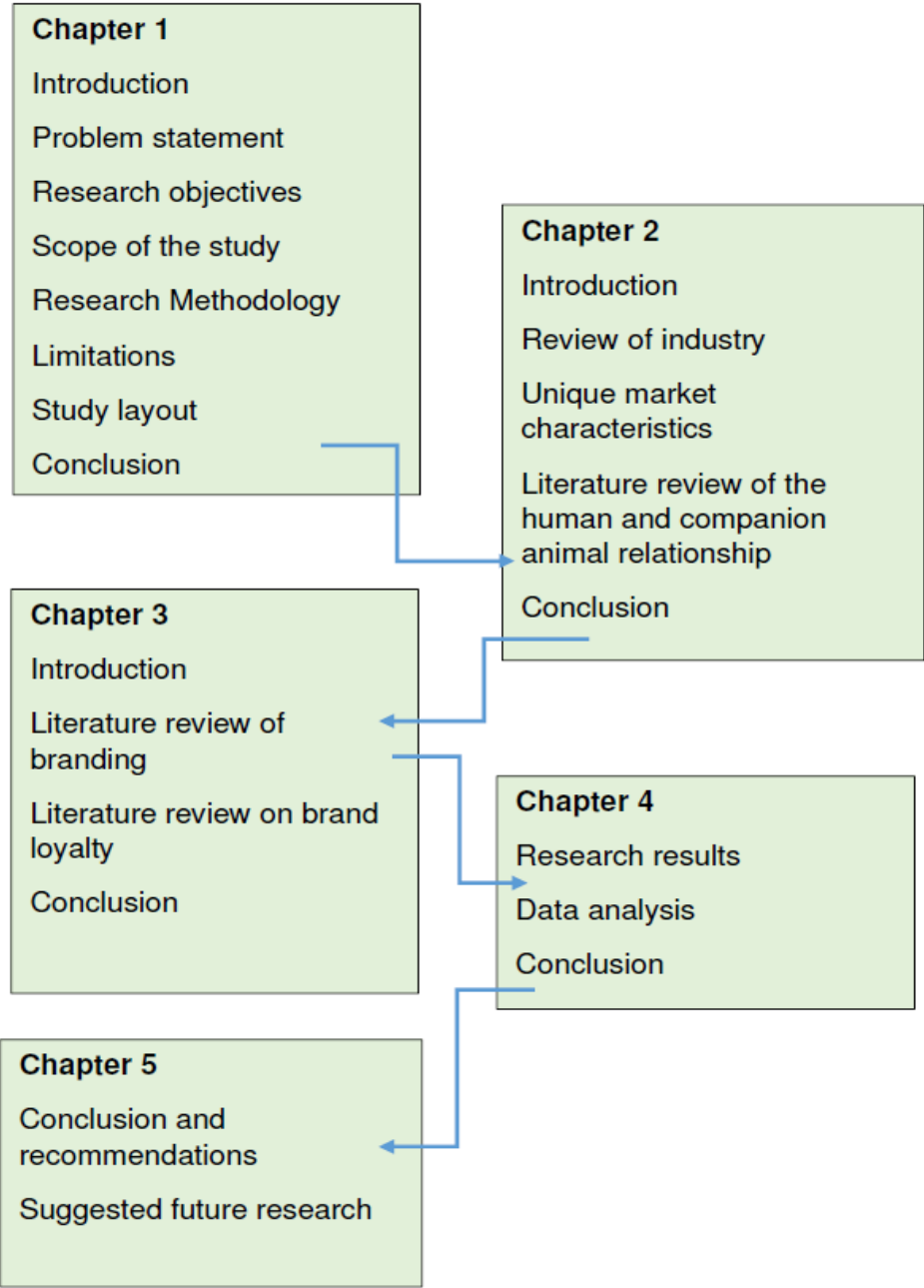
## **Chapter 5: Conclusion and recommendations**

The results of the empirical study, clarifying the customer perceptions and importance of brand loyalty constructs of Eukanuba dog food are discussed. The results are summarised with concluding remarks, recommendations and suggestions for future research.

### **1.8.1 Layout of the study**

A graphical layout of the study can be depicted as follows:

Figure 1.3: Layout of proposed study



## **1.9 SUMMARY**

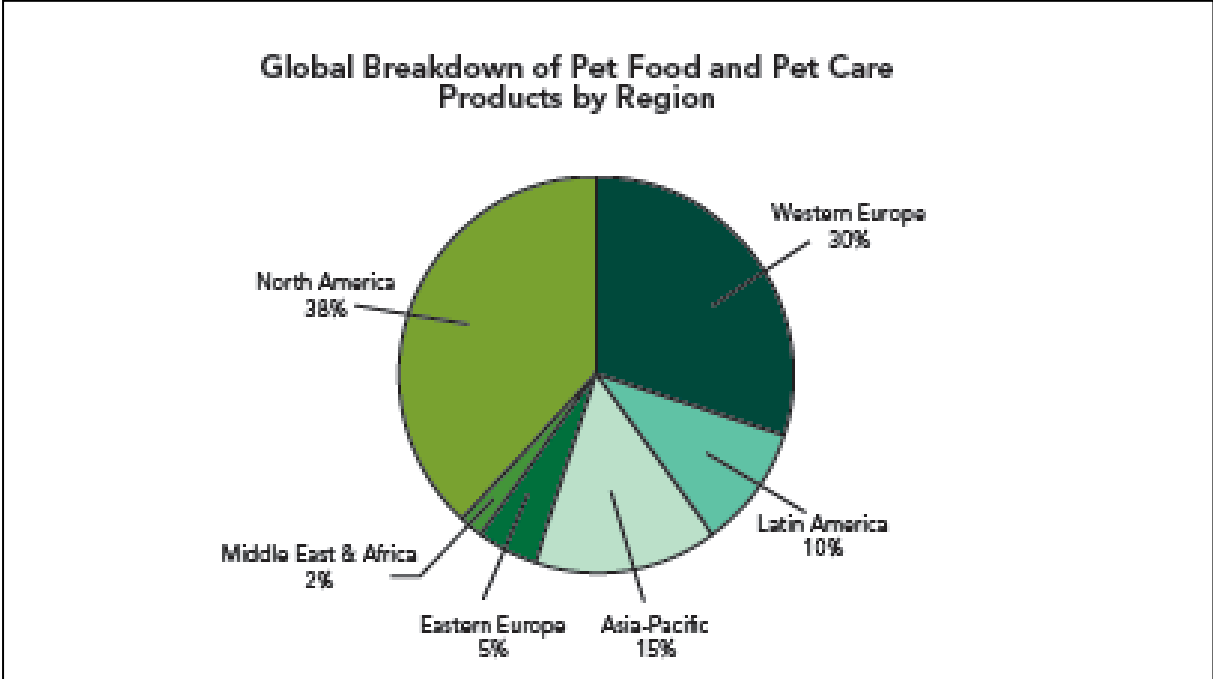
This chapter has given a framework of the nature and scope of the proposed research, identifying the key elements that the research will comprise. Possible limitations are also addressed ensuring that these are kept in mind when the research is executed. The next chapter, chapter two, contains a review of the current market and a literature review of behavioural aspects related to human and dog relationships.

# CHAPTER 2 - INDUSTRY AND MARKET ANALYSIS

## 2.1 UNIQUE MARKET CHARACTERISTICS

According to the PMMI annual report (2013:5), the global pet food industry was scaled in 2011 at 56 billion US dollar, with growth in the segment expected when the economy recovers. The PMMI annual report (2013:6) also indicates that the Middle East and Africa pet food and pet care sales only comprise 2% of the \$56 billion, indicating the fractional sales that we as South Africa contribute to the global market (see figure 2.1).

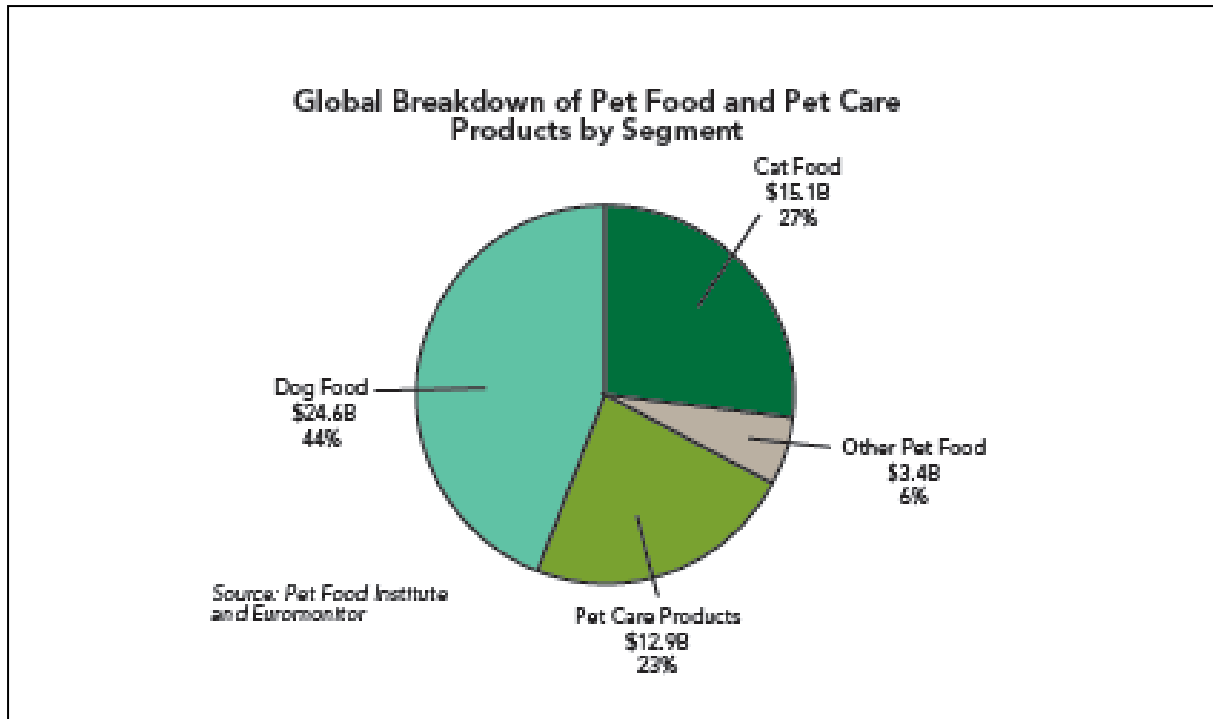
Figure 2.1: Global pet food and pet care sales contribution



Source: Pet Food Institute and Euromonitor (cited by PMMI, 2013:6)

Dog food, not only in South Africa, but globally, is the best seller within the pet food industry, with cat food seen as the runner up.

Figure 2.2: Global pet food analysis according to pet care segment

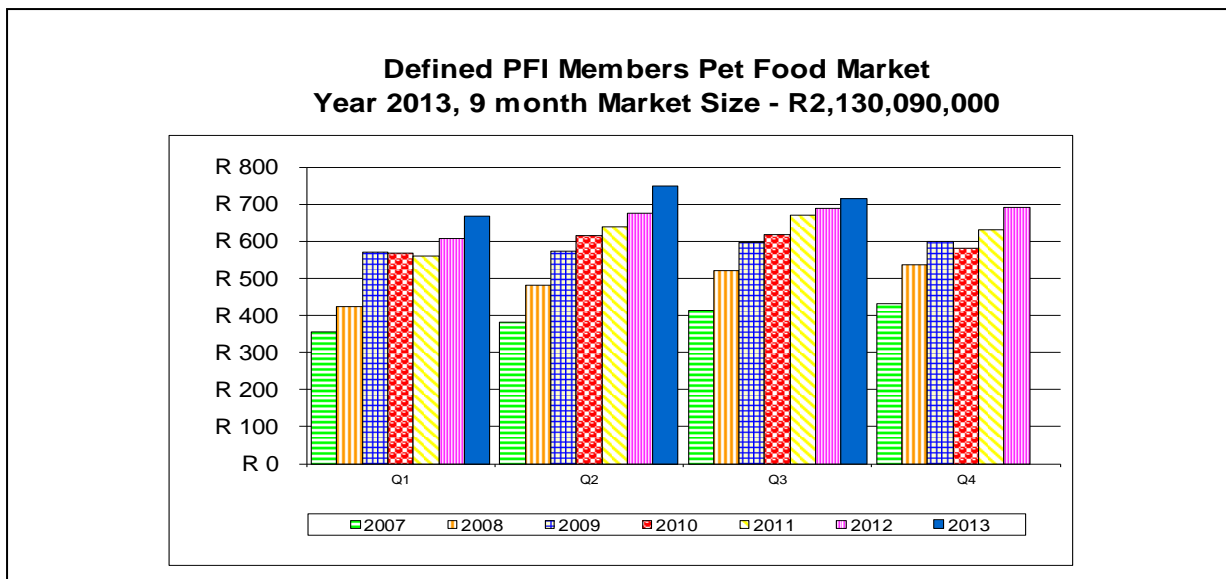


Source: Pet Food Institute and Euromonitor (cited by PMMI, 2013:13)

Looking at the South African pet food industry is therefore of importance to establish how South Africa and Africa can increase their contribution to the global pet food industry's success. One institution that can assist, in this regard, is the Pet Food Industry of South Africa, which ensures safe and reliable pet food by all its members.

The sales for members of the Pet Food Industry have seen steady growth over the past seven years, even during and after the global recession (see Figure 2.2). This is an indication that the pet food market and its products have not been affected by the recession and consumers cutting back on spending.

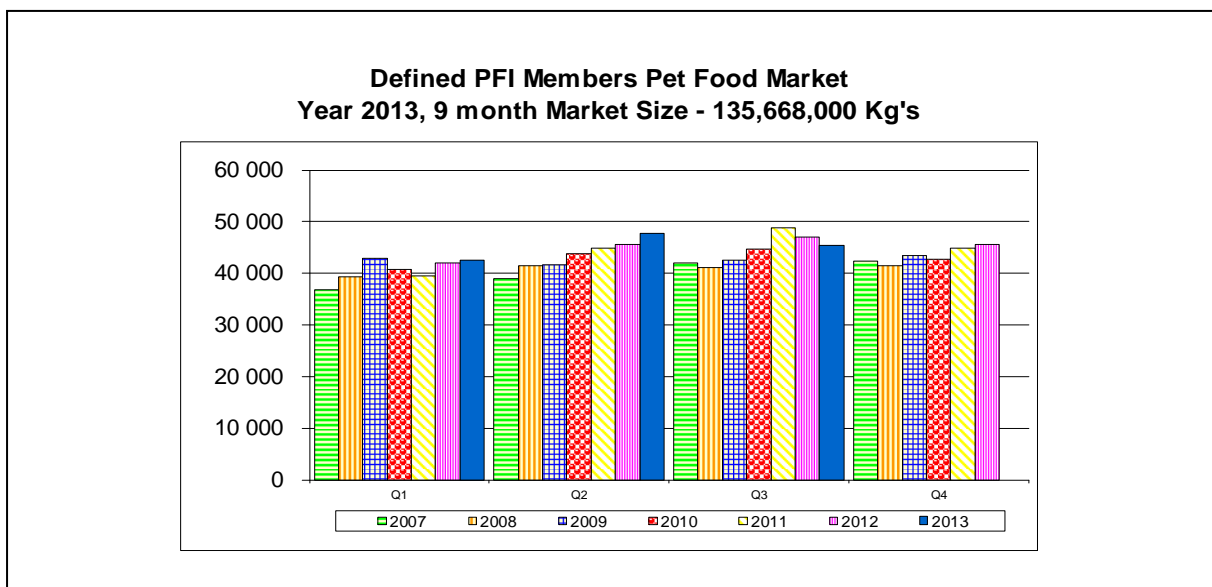
Graph 2.1: Pet Food Market growth in Rand-value over seven years



Source: PFI (2013)

The amount of pet food sold also reflects positive growth in volume, although the first quartile showed signs of stagnation in sales from 2009-2011. It is only in third quarter of 2013 that a slight decline in figures can be seen in the amount of pet food sold, although the figures do not reflect the entire year's sales for 2013. It can be seen from both figures 2.2 and 2.3 that the second quarter of the year show the highest sales volume.

Graph 2.2: Pet Food Market growth in kg over seven years

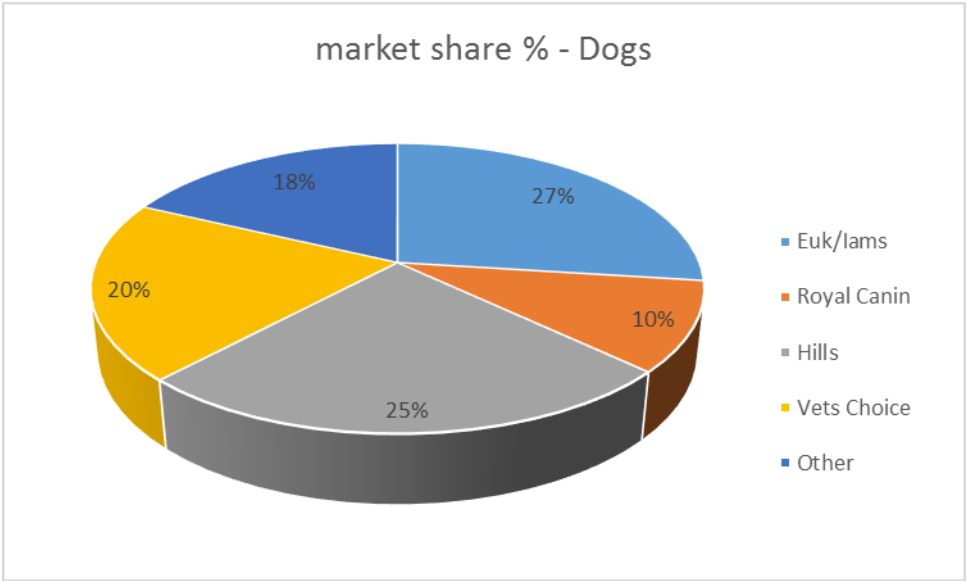


Source: PFI (2013)

According to the Blueprint of the pet food industry (2013), Eukanuba has the most market share in the dog food industry, with a 27% share. Its closest rival includes Hill's and Vet's Choice, at 25% and 20% respectively.

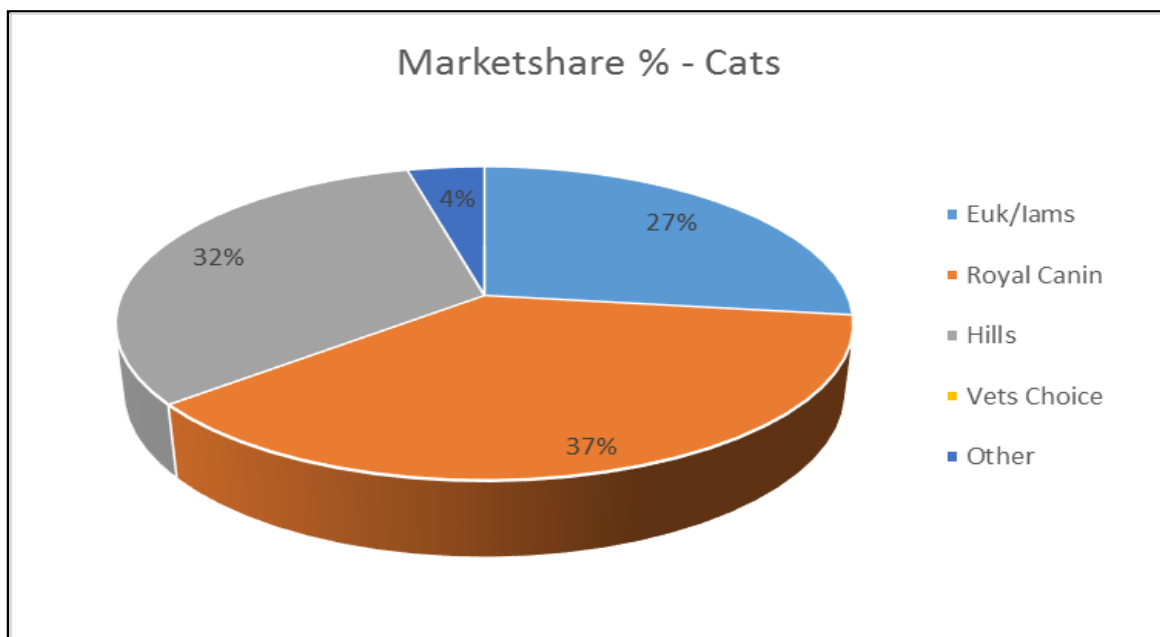
The Blueprint of the pet food industry (2013) however indicates that the cat food market is dominated by Royal Canin with a 37% share, with Hills and Iams/Eukanuba with a 32% and 27% share respectively. Vet's Choice does not offer a cat food range and only competes with premium dog food ranges. This analysis gives a clear indication of the intense competition that exists in the premium pet food industry, each competitor fighting for a share in the market.

Figure 2.3: Market share of dog food competitors in the South African market



Source: Blueprint (2013)

Figure 2.4: Market share of cat food competitors in the South African market



Source: Blueprint (2013)

The brand studied, Eukanuba, is only sold through vet channels in South Africa, as the brand relies on the endorsement of the product by veterinarians (Superbrands, 2012:52). This marketing method used by Eukanuba, is supported by research, as veterinarians is seen as a reliable source of information, with customers often purchasing the products suggested (PRWeb, 2012). Eukanuba is also supported by top breeders, helping to extend the brand with great visibility.

Eukanuba has a money-back guarantee if you are not satisfied with the pet food, and can guarantee the quality of the pet food they produce, as the raw materials is responsibly sourced and handled. This puts customers' minds at ease, as previous contamination scares has resulted in the death of pet companions (Terrazas, 2007:46; Bamford, 2011). Dog food contamination can be caused by a fungus containing a toxin and contaminants such as melamine just to name a few, resulting in Aflatoxicosis, an illness affecting the liver and blood (Bamford, 2011).

Ensuring that you feed your animal a branded pet food that can guarantee quality of ingredients helps in putting the pet owner at ease. This sets Eukanuba apart from normal branded pet foods, with the 100% money back guarantee offered, ensuring that the customer and pet is satisfied with the quality of the product (Eukanuba, s.a.:27). Eukanuba believes in feeding pets as nature intended. This includes a balanced diet consisting of proteins, fats, carbohydrates, vitamins, minerals and water. Eukanuba feeds their cats and dogs as carnivores, as they have a “much shorter digestive tract than humans do and need food which can be digested quickly and easily. This shorter digestive tract has evolved to process meat as a primary source of nutrition” (Eukanuba, s.a.:5).

Including highly digestible protein sources into your pet’s diet, results in smaller amounts needed to get good nutrition, with less faecal matter too (Eukanuba, s.a.:6; Dunn, 2008:44). Dunn (2008:43) also indicates that the quality of nutrients and digestibility plays a big role in ensuring the pet food your dog eats is of a high quality. Eukanuba also offers a range of special products aimed at pets with special dietary requirements that can be prescribed by veterinarians. These include conditions such as gastrointestinal disorders, skin conditions, obesity, renal failure, weight loss, diabetes and urinary stones (Eukanuba, s.a.:44). The pet food offered by Eukanuba is available in dry, soft-moist and canned offering a complete solution to dietary requirements.

According to the Pet Food Manufacturing Association (PFMA) (2010) pet obesity is a concern that can cause numerous health related concerns for pets, with a lack of exercise and a lack of dietary control cited as the main reasons for this concern, therefore special diets catering to aid in weight control is relevant in today’s society. According to Bontempo (2005:45) people believe feeding your companion animal a balanced diet forms part of responsible pet ownership, with studies indicating that the inclusion of prebiotics can be beneficial to the gut of the pet. Eukanuba has pioneered a range of dietary innovations, assisting in giving your pet the best nutrition possible.

Product innovations Eukanuba is famous for include (adapted from Superbrands, 2012:52):

- Adding beet pulp, a special fibre, to feed which assists in promoting a healthy digestive tract;
- Altering the Omega 3 and 6 fatty acid ratio improving skin condition;
- Including the prebiotic fibre fructooligosaccharides (FOS) and mannanoligosaccharide (MOS) keeping the intestinal tract healthy;
- Introducing a new method of nitrogen excretion through faeces, minimising strain on kidneys;
- Introducing the large breed puppy pet food to the market, specifically for large breed puppies; and
- A special carbohydrate blend helps to control blood sugar and weight.

## **2.2 COMPANION RELATIONSHIP**

The pet as a companion to humans and the psychological and health implications, have received increased attention in the 20<sup>th</sup> century. A literature review on the pet as a companion to its human counterpart follows.

According to McGreevy *et al.* (2012:107) domestication of dogs has changed the way that resources, such as food, is attained, impacting on social structures and behaviour. McGreevy *et al.* (2012:107) also indicate that food and exercise can be used as a tool to encourage or discourage behaviour of companion dogs. Research indicates that customers who research dog food brands, are concerned about the food their pets consume and are under social pressure to feed their dogs' premium dog food (Andreasson *et al.*, 2010:40). Breeders and show dog owners experience the highest levels of social pressure in this regard (Andreasson, Liashchenko & Nillson, 2010:41). This is also emphasized by Tesfom and Birch (2010:910), whom have found that dog owners are more loyal towards dog food brands than human food brands, but as the main dog food brands are almost equally nutritive, brand loyalty can be attributed

increasingly to marketing methods rather than quality. Having a loyalty programme from which the customer can benefit, will help in creating and maintaining brand loyalty.

When analysing some of the research conducted in the USA, it is seen that most US customers feed their dogs commercially manufactured dog food, whether it's dry or canned, as it is often too much of an effort to make home cooked meals (Tesfom & Birch, 2010:900). Companies in the USA have also started to use pet products as gifts to customers, "as the American Pet Products Manufacturers Association in San Diego estimates that 63% of all U.S households have a pet while the majority of people have dogs (43.5%)" (Casison-Tansiri, 2006). This just gives an indication of the growth that is seen in the pet food industry and the relevance it has in consumer behaviour, spending and brand loyalty. Tesfom and Birch (2010:898) therefore conclude that dog owners are more loyal to dog food brands, are less sensitive to dog food prices and are more health conscious when buying their dogs' food than when buying their own food.

The term "relational ecology" has been used by researchers such as Putney (2013:57) to describe the relationship between pets and humans, possibly aiding in the wellbeing of humans. A respondent to Putney's research even referred to their pet as their "souldog", while others use the word "love" to describe feelings towards their pets, indicating the strong relationship the respondent has with their pet (2013:57). Faver and Cavazos (2008:254) indicates that, among 208 Latino university students, companionship and unconditional love is cited as the greatest benefits that companion animals offer. Zilcha-Mano, Mikulincer and Shaver (2012:578) have also found that pets can be seen as a safe haven and a secure base, giving the owner a feeling of competence and a feeling of increased self-efficacy. It is therefore clear that the bond between humans and animals is very strong, with animals playing an ever-increasing role in people's lives.

Studies, such as the one conducted by Odendaal and Meintjies (2003:296), attempt to correlate human affiliative behaviour with that of our dogs through monitoring hormones in the respective test subjects' bodies. Odendaal and Meintjies (2003:208) found that positive dog interaction "showed significant higher increases of the neuro-chemicals associated with bonding or affiliation", supporting the hypothesis that companion animals help to reduce anxiety and promote feelings of safety and is a source of contact comfort. This finding is supported by Lim and Young (2006:507), indicating that the hormones oxytocin and vasopressin are both part of the human social bonding steps, including the "initial approach and affiliation, the recognition of social cues required for individual recognition, and finally the formation of the bond itself."

According to Belk (1996:121), pet owners see their pets as an extension of themselves, and therefore, are chosen to fit their personalities, lifestyles and families. Pet owners often treat their animal companions as if they have human characteristics, also known as anthropomorphism (Odendaal, 2005:494). According to the online Oxford dictionary (2014) anthropomorphism is "the attribution of human characteristics or behaviour to a god, animal or object." Lue, Pantenburg and Crawford (2007:2) have found that people with very strong bonds with their animals are more willing to take their pets to the veterinarian, follow the veterinarian's advice and are not prone to make decisions based on income, but are more concerned for the pet's health.

Animals are also viewed in relation to contemporary utilitarianism, with academics (Odendaal, 2005:495) transferring basic moral ideas of equality and human rights to animals, giving animals' moral worth. Companion animals are therefore seen as part of the family. Some pet owners feel so strong about their pets, that they include them in their will, ensuring that the pet is well looked after when they pass away (Gundersen, 2008:70). The relationship is not always positive, as Lue *et al.* (2007:2) have also found that cats tend to be worse off than dogs, as owners do not always understand the care they require, even though cat owners tend to be more educated in general. Veterinarians can therefore take advantage of this by spending more time with cat owners, suggesting products and care regimens, which according to Lue *et al.* (2007:2)

will make cat owners seek and follow advice more often. Lue *et al.* (2007:3) also found that pet owners, who form a connection with their veterinarian, tend to follow their advice more, are willing to pay higher prices for recommended products and display more loyal behaviour, once again pointing out what an important role the veterinarian plays.

Tesfom and Birch (2010:911) also indicate that marketing efforts of animal products are often directed to human attributes, attracting customers through marketing efforts. According to Oberholster (2008:8) Bob Martin conditioning and supplementary products target people relating to their dogs as companions and whom form part of the middle class across all races. Customers do not necessarily see price or brand name as the main consideration when deciding between products, as they are also influenced by previous experiences (Schiffman & Kanuk, 2009:537). Brand credibility, consisting of perceived brand quality, perceived brand risk and time and effort saved, is also of importance to customers as it is included when decisions between brands are made (Schiffman & Kanuk, 2009:538).

With numerous trends arising in the pet industry and more than half of Western societies having companion animals, specialisation in ethology as a profession has also increased (Odendaal, 2005:495). According to Odendaal (2005:496) “ethology deals with the needs of companion animals in their everyday environments.” Animals also have an impact on the cardiovascular function of humans when stress is experienced, as Campo and Uchino (2013:237) found that humans had lower heart rates and blood pressure when their pet dog was with them than a human friend.

Peacock, Chur-Hansen and Winefield (2012:300) however found that the companion-animal relationship could also be detrimental to the mental health of humans, as some humans spend up to 16 hours with their pets a day and leaving their pet can cause distress, to the extent that they will let their own health deteriorate instead of leaving their pet at home.

As numerous studies indicate the positive effect that animals and touch therapy can have on humans, Sable (2013:93) suggest that it is also important for professionals, such as social workers and social work students, to be knowledgeable of the connection between animals and humans in their profession.

### **2.3 SUMMARY**

Chapter two has given greater insights as to what the pet food market looks like globally and nationally, giving greater focus to the Eukanuba brand and its characteristics. The in-depth literature review of the human-animal relationship has also given great insights into the reason behind the growing pet food market. This chapter has given a framework of understanding the pet food market, acting as an introduction to better understand the loyalty programme, the Eukanuba brand and the study at hand.

## **CHAPTER 3 – BRAND LOYALTY**

### **3.1 INTRODUCTION**

Khan and Mahmood (2012:33) define brand loyalty “as the customer’s unconditional commitment and a strong relationship with the brand, which is not likely to be affected under normal circumstances.” The concept of brand loyalty received increased attention from the 1990s. Companies during this era strived to build long-term relationships with customers, as it was found to be cheaper to retain a current customer than to attract a new one (Moolla & Bisschoff, 2012b:102).

Loyalty is also defined by Oliver (1999:34) “as a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour”. Increasing loyalty towards a brand is directly linked to consumer behaviour, satisfaction and perceptions, aimed at understanding and influencing the consumer’s decision-making process.

This chapter will therefore consist of an in-depth literature study on branding, brand loyalty and loyalty programmes, contributing to the framework for the proposed study.

### **3.2 BRANDING**

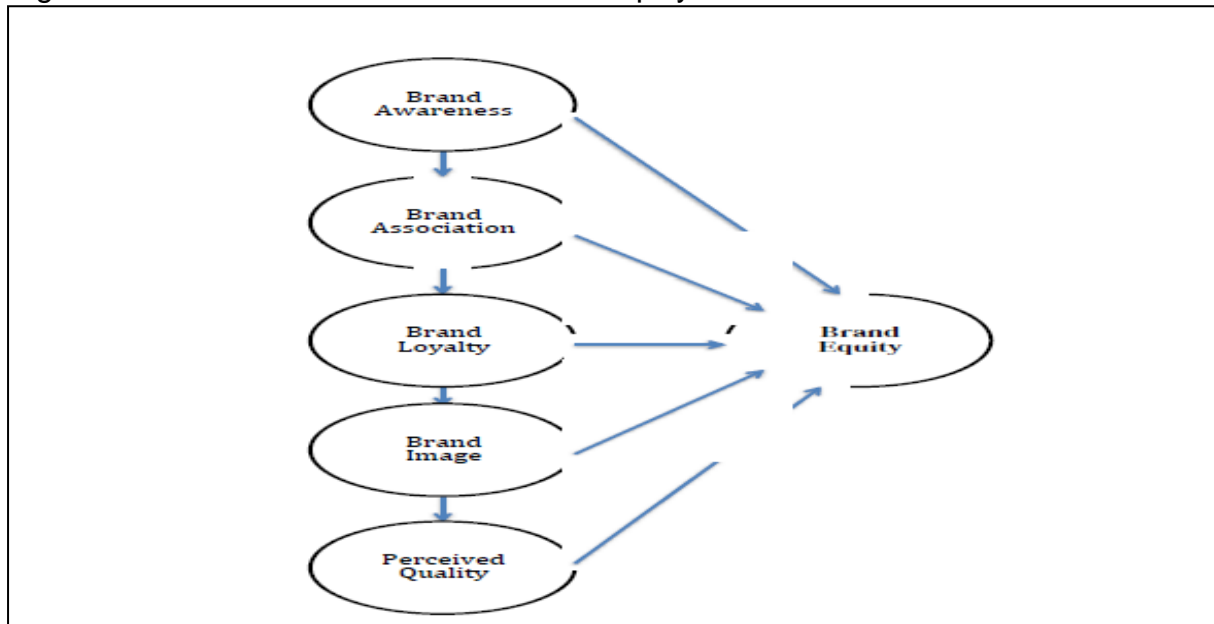
A brand can be studied in terms of the brand equity that it holds in the market. Brand equity can be defined as “the marketing and financial values linked with a brand’s strength in the market, including actual proprietary brand assets, brand name awareness, brand loyalty, perceived brand quality, and brand ‘associations’” (Severi & Ling, 2013:125). Brand equity can be studied in two ways. This includes the financial perspective measured in market value of assets studied by Simon and Sullivan (1990), Farguhar *et al.* (1991) and customer perspective measured in the reaction to the brand

name studied by Keller (1993) and Shocker and Weitz (1994) (as cited in Severi & Ling, 2013:125).

The research conducted by Graham (2009:872) in Fast Moving Consumer Goods has also led to important insights, which might contradict the general beliefs of the impact the marketing mix has on brand share and growth. Graham's (2009:872) research indicates that the market share of a brand remains stationary over the long run independent of marketing efforts. The only time the brand's share changes, is when the company drastically changes their strategy, with long-term growth seen with increased market penetration, not increased repeat-purchase as thought by some (Graham, 2009:872).

The model identified by Severi and Ling (2013:129) focuses on defining brand association, brand awareness, perceived quality, brand loyalty and brand image in relation to a company's brand equity. The research found that there is a mediating relationship between the different constructs in the model and that focus should be given to brand equity in shaping perceptions of a brand (Severi & Ling, 2013:134). The model identified by Severi and Ling (2013:129) follows as Figure 3.1.

Figure 3.1: Constructs in relation to brand equity



Source: Severi and Ling (2013:129)

The economic perils that South Africa faces due to a weakening Rand, has resulted in an increased exchange rate and transportation costs (Holmes, 2014). As the major premium dog food brands, such as Hills and Eukanuba, just to name a few are imported, competing with locally produced dog food brands, such as Montego, for new market share with a weakened Rand is becoming challenging. Competition is therefore becoming fierce, with brands trying to connect directly with customers to increase communication and loyalty.

Increasing the awareness of a company's brand is not limited to products and services aimed at human consumers, but brand awareness has started to play an important role in products and services aimed at the pet food industry as well. The pet owner purchases the products although the pet is the end user. The pet owner can therefore be classified as a personal consumer, as the product is bought by the pet owner for consumption by the end user (Schiffman & Kanuk, 2010:23). According to Kim, Morris and Swait (2008:99) a customer is more at ease when purchasing a familiar brand, as

they know it will meet their expectations based on their perception of credibility from previous experience.

The pet food industry can be categorised by high-end premium products and the lower end products sold by retailers. Premium dog food will often be sold by speciality stores and veterinarians, adding to the exclusivity of the brand and a higher level of perceived expertise (Andreasson *et al.*, 2010:37). The fact that veterinarians sell the products gives an added form of credibility to the brand and its nutritional claims.

The results of the quantitative research conducted on the top five dog food brands in Sweden by Andreasson *et al.* (2010:37), indicated that brands sold at pet stores are considered to be of a higher quality than that of supermarket stores. Even though the customer whom purchases the branded pet product is human, the choice of brand, whether it is for its nutritional properties or quality perceptions, has started to play a major role in pet food purchasing patterns.

### **3.3 BRAND LOYALTY**

Schiffman and Kanuk (2010:30) indicate that loyal customers buy more products, are less sensitive to prices, pay less attention to competitor advertising, are cheaper to service and spread the marketing message by means of word of mouth easier, ensuring customer retention is secured. Perceived quality of service can influence how much the customer trusts the brand, but does not directly influence brand loyalty. Trust and a change in buyer behaviour do not directly result in loyalty (Agudo *et al.*, 2012:1336).

Establishing a customer base that is loyal to the brand with knowledge of which lead factors influence brand loyalty is of importance, as “brand loyal customers are willing to pay higher prices and are less price sensitive” (Moolla & Bisschoff, 2012b:73).

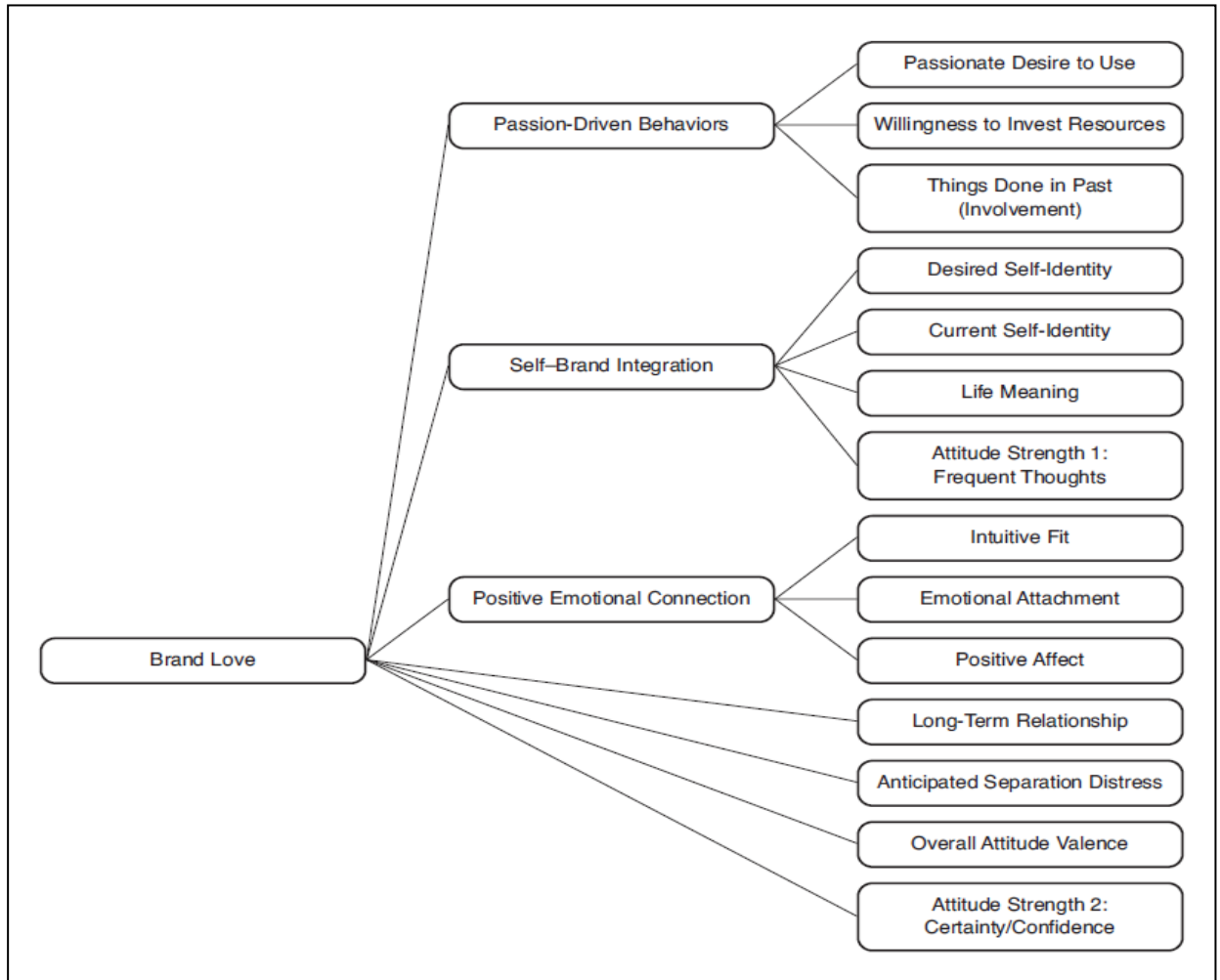
Companies benefit from brand loyalty by reducing the impact that competitors' marketing efforts have, resulting in increased margins, effective marketing communication and creating avenues through which the brand can be extended (Kim *et al.*, 2008:99). Kabiraj and Shanmugan (2011:285) also emphasise the critically valuable contribution that brand loyalty can make to a company's competitive advantage.

Kim *et al.* (2008:99) created a model based on six constructs to measure true brand loyalty formation, which includes brand credibility, affective conviction, cognitive conviction, attitude strength, brand commitment and true brand loyalty. From the study, concentrating on testing true brand loyalty among college students, the research team concluded that a consumer firstly rely on their feelings towards a brand, indicating that consumers with high affective and cognitive brand beliefs would accept marketing efforts more easily by the brand (Kim *et al.*, 2008:114). As the study measures the brand loyalty constructs according to different products, the study was not replicated, as a specific product had to be measured.

Batra, Ahuvia and Bagozzi (2012:1-2) have looked at branding from the perspective of a consumer's love for a brand, as the researchers believe that the connection with a brand goes beyond like or dislike attitudes, but is rather a higher-order construct, including multiple cognitions, emotions and behaviours. The key will be to move consumers from having a like or dislike attitude, to love for the brand.

Batra *et al.* (2012:1-2) distinguish between brand love and interpersonal love between people, indicating that brand love should first be explained by the feelings within consumers and then literature should be used to draw parallels between brand love and interpersonal love. Batra *et al.* (2012:10) suggested a higher-order factor model as seen in figure 3.2, indicating all the different factors forming part of brand love. For the suggested study, brand loyalty first needs to be identified before brand love can be suggested.

Figure 3.2: Higher-order brand love factor model

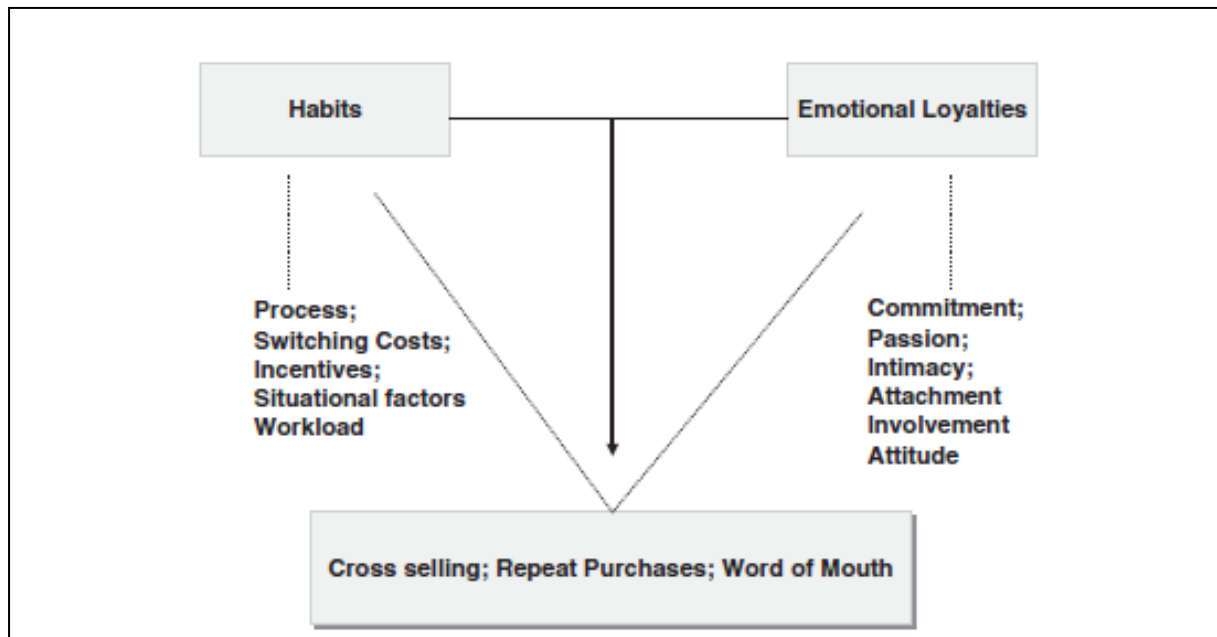


Source: Batra *et al.* (2012:10)

Kabiraj and Shanmugan (2011:288) suggest that customers cannot be labelled as satisfied customers when they repeatedly purchase a brand (loyalty), as customers often only have access to a certain brand with no alternatives offered, or might be deterred due to the high switching costs involved. The customer therefore reflects no brand loyalty for what the brand represents, no brand love or satisfaction with the brand, but merely buys the product as a means to an end.

Consumer purchases can therefore be divided into purchases made out of habit and purchases made as a result of emotional loyalty (Kabiraj & Shanmugan, 2011:290) as seen in figure 3.3.

Figure 3.3: How to define brand loyalty? Drivers and outcome typology



Source: Kabiraj and Shanmugan (2011:290)

Where Kabiraj and Shanmugan (2011) believe customer attitudes towards the brand rather than purchase frequency should be used to measure brand loyalty, Romaniuk and Nenycz-Thiel's (2013:67-68) study has the basic premise that the more you buy a specific product, the more you are exposed to the brand communications, possibly leading to a more positive disposition to the brand. Romaniuk and Nenycz-Thiel (2013) therefore focus on Consumer Based Brand Equity (CBBE), a topic relating to the interrelated effect of brand equity measurement and loyalty.

Romaniuk and Nenycz-Thiel (2013:67-68) indicate that a core component of CBBE is the brand associations that customer keep in their memory, leading to an increase in behavioural loyalty and long-term sales as the desired effect. Khan and Mahmood

(2012:33) also indicate that brand equity influences market share and prices, as brand equity often result in premium prices. The study by Romaniuk and Nenycz-Thiel therefore focuses more on the prevalence of repeat purchases than it does on attitudinal loyalty, which the proposed study aims to measure, therefore the study can only be used as part of the study's frame of reference.

It is therefore of importance for the proposed research not to assume that repeat purchases are a sign of loyalty, as the origin of the loyal behaviour and degree of loyal behaviour should also be established. The proposed research will therefore focus on identifying how many customers exhibit sustainable loyalty towards the Eukanuba brand by means of measuring the prevalence of brand constructs forming part of consumer perceptions. Khan and Mahmood's (2012:36) study proves that there is a relationship between the three constructs, namely willingness to pay more, perceived quality and brand awareness on brand loyalty. The study also found that brand loyalty also has a mediating effect on brand equity.

The study conducted by Russel-Bennett, Härtel and Worthington (2013:49) indicate that consumers having more prominent emotional components out of the four functions of loyalty (ego-defensive and value-expressive) tend to exhibit more true loyalty. This indicates that companies should create an emotional experience to increase loyalty among customers that is more emotionally driven. This approach will however change if the customer profile is less emotionally driven.

The study conducted by Pare and Dawes (2012:173) takes a deeper look into packaged-goods brand loyalty, where "excess" brand loyalty has been studied. Excess brand loyalty is defined by Pare and Dawes (2012:164) as a phenomenon where the product is purchased more often than the amount of buyers, resulting in more brand loyalty than expected. The study indicated that brands may experience an increase in brand loyalty in the short term, but will revert back to normal in the long term (Pare & Dawes, 2012:173). This result however does not hold true for market leaders and

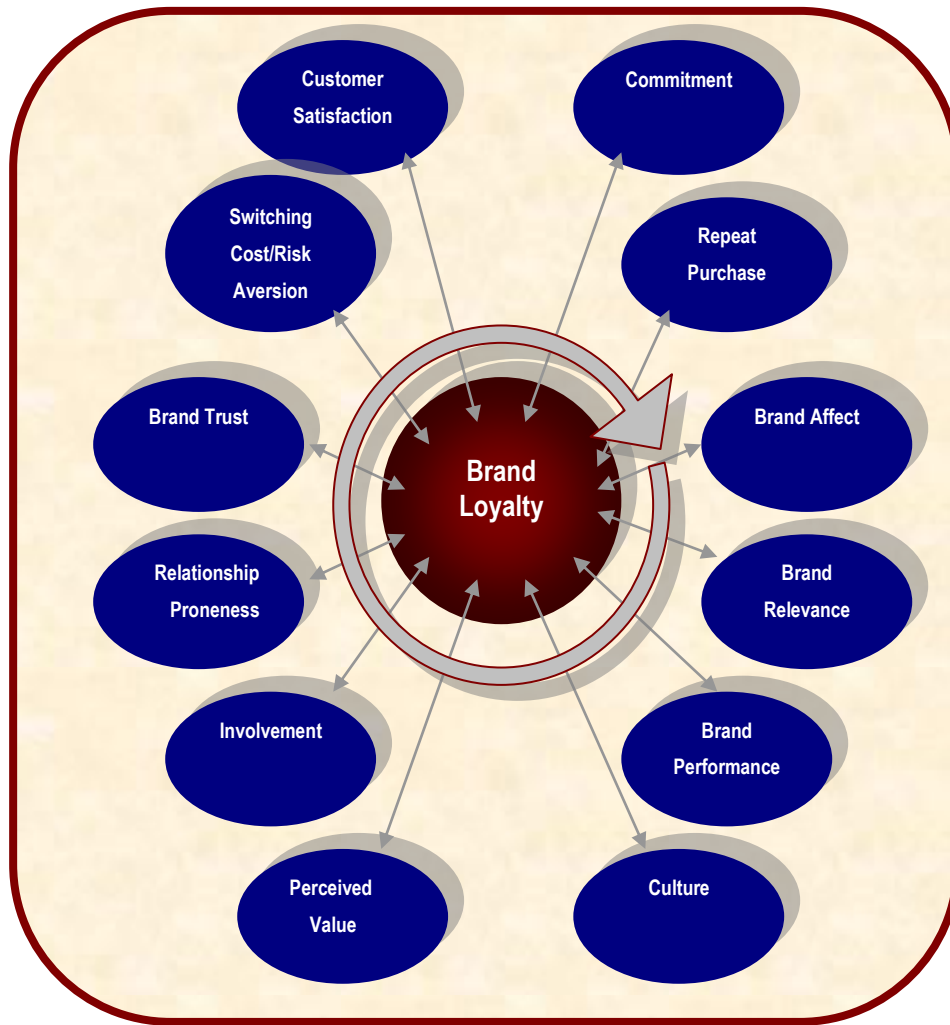
private label brands, as these brands often have constant high excess loyalty. This is a positive indication for our proposed study, as Eukanuba can be seen as the market leader in dog food sales. Brand loyalty can therefore be studied as the likelihood that the brand loyalty is positive over a period of time is more likely in the Eukanuba brand.

Numerous studies focus on the Dirichlet model as a basis to study brand loyalty (Pare & Dawes, 2012; Graham, 2009; Sharp & Sharp, 1997). The Dirichlet model was however not found to test the specific brand's loyalty and was therefore not used. It is however an important model to understand within the context of the proposed study on brand loyalty. Building brand loyalty and retaining customers within the ever-increasing competitive industry, have now formed part of most brand offerings. It is for this reason that the effect on brand loyalty will be tested among Loyalty Programme members of Eukanuba.

### **3.3.1 Moolla's conceptual framework to measure brand loyalty**

The study is based on the model created by Moolla and Bisschoff (2012a) to test brand loyalty of fast moving consumer goods (FMCG). The model as seen in Figure 3.4 consists of 12 concepts that influence brand loyalty, based on previous research into these concepts/influences.

Figure 3.4: Moolla and Bisschoff's brand loyalty model



Source: Moolla and Bisschoff (2012a:82)

The twelve influences on brand loyalty as developed by Moolla and Bisschoff (2012a:80) include customer satisfaction, switching costs, brand trust, relationship proneness, involvement, perceived value, commitment, repeat purchase, brand affect, brand relevance, brand performance and culture.

The aim of the study conducted by Moolla and Bisschoff (2012a) was to develop a framework to measure brand loyalty according to the most relevant constructs, measured in previous research, which forms part of brand loyalty. Moolla and Bisschoff (2012a) therefore conducted a thorough literature review on brand loyalty and what

influences brand loyalty. The model was tested and found to be a valid and reliable method to test for brand loyalty. The test was conducted on a sample of managers, with five objectives set to measure if the model of brand loyalty could be validated (Moolla & Bisschoff, 2012b).

The conceptual framework developed by Moolla and Bisschoff (2012b) can therefore be applied in the measurement and management of brand loyalty within business units and products of fast moving consumer goods (FMCG), aiding marketers to identify strengths and weaknesses in the brand and brand offering. An in-depth literature review will follow on the 12 constructs identified by Moolla and Bisschoff (2012a), although the proposed study will only focus on nine of these influences.

### **3.3.1.1 Customer Satisfaction**

According to Schiffman and Kanuk (2010:29) customer satisfaction “is the individual consumer’s perception of the performance of the product or service in relation to his or her expectations”. This also relates to Punniyamoorthy and Raj (2007:225) which indicates that customer satisfaction helps to explain post-purchase behaviours including complaining, word of mouth, repurchasing intention and product usage.

Measuring customer satisfaction is an important function to any organisation, with numerous companies spending millions of Rands on measuring and monitoring customer satisfaction. Some of these methods include ad hoc customer satisfaction surveys and monitoring of the market share, although constant market share can be misleading as old customers can be replaced by new customers without noticeable differences in market share (Grönroos, 1997:330). Grönroos (1997:331) therefore suggests having a relationship-type strategy, which aims to build relationships with customers that enable the company to monitor customer satisfaction directly. Most companies place great focus on customer satisfaction, including customer satisfaction measurements as part of their performance on a balanced scorecard.

### **3.3.1.2 Switching Costs**

Switching cost is an important concept in ensuring brand loyalty. Switching costs can be defined as “the costs perceived, anticipated and/or experienced by a buyer when changing a relationship from one seller to another” (Pick & Eisend, 2014:186). According to Liu (2007:20) loyalty programmes can be used as a tool to raise the switching costs for customers, reducing the lack of commitment and customer withdrawal. This concept is supported by Meyer-Waarden (2007:224) indicating that loyalty programmes increase switching barriers, including economical, psychological, sociological and relational barriers.

When the company creates an emotional attachment with the customer by creating a long-term relationship based on trust, commitment and loyalty, the perceived switching costs increase dramatically for the customer (Meyer-Waarden, 2007:224). This is therefore seen as an increase in attitudinal loyalty increasing the customer retention by creating real benefits to the customer (Daams, Gelderman & Schijns, 2008:281).

The main contributors to switching behaviour displayed by customers include alternatives and competition, making it imperative for companies to remain aware of what alternatives there are in the market (Pick & Eisend, 2014:199). Increasing the switching costs for the customer is therefore imperative to ensure brand loyalty, acting as a key measuring instrument of brand loyalty and the switching barrier that this loyalty has resulted in.

### **3.3.1.3 Brand Trust**

According to Schiffman and Kanuk (2010:30) trust is an important building block in establishing long-term relationships with customers that is loyal to the company. Trust is seen as a vital part of the loyalty relationship with a brand and is important in creating brand credibility and trustworthiness (Kim *et al.*, 2008:102). According to Kabiraj and Shanmugan (2011:292) trust plays an important role in extending both attitudinal and

behavioural loyalty, influencing market share maintenance and price elasticity. Kabiraj and Shanmugan (2011:297) developed a model that specifically focuses on the importance of trust in developing brand loyalty for the Euro-Mediterranean region.

McCall and Voorhees (2010:37) suggest that a company should foster trust before asking the customer to become a part of the loyalty programme, by shifting the initial investment obligation from the consumer to the company. Incorporating a strategy that will assist in increasing trust within the customer will aid in the effective creation of brand loyalty, as trust plays a major role in establishing brand loyalty among customers.

Mimouni-Chaabane and Volle (2010:34) measure the relationship quality with a customer according to three constructs; these include satisfaction, trust and commitment, constructs similar to the constructs measured by Moolla and Bisschoff (2012a:82). Trust has also been found to be one of several constructs influencing loyalty within a business-to-business setting (Daams, Gelderman & Schijns, 2008:276).

#### **3.3.1.4 Relationship Proneness**

Dick and Basu (1994:99) indicate that “customer loyalty is viewed as the strength of the relationship between an individual’s relative attitude and repeat patronage”, with social norms and situational factors seen as the mediators of this relationship. Companies aim to create mutually profitable relationships in the long term, focusing on ‘value selling’, a term used to describe selling through delivering exceptional value for the customer (Kotler & Armstrong, 2012:504-505).

Relationships are often established as a result of the promise concept, where the firm promises deliverables to the client, making the client more prone to form an initial relationship with the firm (Grönroos, 1997:327). The length of the relationship will however depend on the fulfilment of the promises made.

Customers are more able to manage their relationships with brands and each other, as technology enables customers to interact with companies directly (Kotler & Armstrong, 2012:504-505). Relationship proneness is a construct that is not limited to one party, but both the customer and the company should at least open themselves to establish a relationship.

### **3.3.1.5 Involvement**

According to Schiffman and Kanuk (2010:30) consumer involvement “is focused on the degree of personal relevance that the product or purchase holds for that consumer.” Punniyamoorthy and Raj (2007:225) state that involvement is an unobservable state of motivation, arousal or interest toward a product. Consumer involvement can be categorised according to high and low involvement, depending on the type of product and the perceived importance and risks attached to the product (Du Plessis & Rousseau, 2003:257-258).

Daams *et al.* (2008:276) have also found that involvement influences loyalty within a business-to-business setting, supporting the link between involvement and loyalty. Involvement, forming a part of customer factors identified, also influence RPR (Relationship Program Receptiveness), helping to validate the proposed formative RPR Index suggested (Ashley *et al.*, 2011:750). The RPR Index helps marketers predict which factors influence customers in relationship marketing that can be utilised as a tool to improve/attract customers to the current offering (Ashley, Noble, Donthu & Lemon, 2011:750).

This indicates that involvement is an important construct to measure when a company’s loyalty is studied, as increased involvement indicates that the individual is more responsive to loyalty programme offerings, and decreased involvement indicates that the customer will be less responsive to loyalty offerings (Pick & Eisend, 2014:199).

### **3.3.1.6 Perceived Value**

Punniyamoorthy and Raj (2007:224) describe perceived value in terms of a 'get' and 'give' component when interaction occurs between the seller and the buyer, as the perceived benefits/value that will be attained from the product or service acquired should outweigh the cost to the customer.

The brand identity can hold functional benefits for customers based on the brand's value proposition, including emotional and self-expressive benefits (Du Plessis & Rousseau, 2003:329). Emotional benefits link the characteristics of the brand with a specific feeling evoked within the customer, whereas self-expressive benefits help the customer to express themselves through the image that the brand represents (Du Plessis & Rousseau, 2003:329).

Punniyamoorthy and Raj (2007:225) support the findings by Du Plessis and Rousseau (2003:329) as Punniyamoorthy and Raj describe the perceived value according to four dimensions, including functional value, emotional value, social value and a price-worthiness factor.

The four dimensions of perceived value can therefore be described as follows (Punniyamoorthy & Raj, 2007:225):

- **Functional value**

The functional value refers to the usefulness of the product to the consumer, forming a main consideration in purchasing behaviour.

- **Emotional value**

The emotional value refers to the feelings that are aroused within the customer when the product/service is attained.

- **Social value**

The social value kicks in when the product/service enhances the self-concept of the individual when the product is purchased.

- **Price-worthiness factor**

The financial benefit attained from the product or service, as the customer feels that the product is worth the price paid for the product.

Schiffman and Kanuk (2010:223) indicate that loyal customers often feel betrayed when they encounter problems with a product or service that they are loyal towards, resulting in the company having to implement “service recovery” tactics which gives the customer extra benefits to compensate/apologise for the error.

The perceived value of a product can therefore influence the perceptions that the customer holds toward the brand, making it an imperative concept to measure with regard to brand loyalty.

### **3.3.1.7 Commitment**

Brand commitment can be described as “a behavioural intention held with affective and cognitive conviction” (Kim *et al.*, 2008:100). Punniyamoorthy and Raj (2007:226,230) posit that commitment is a vital psychological force that links customers with a company and plays a crucial role in building brand loyalty.

“Loyalty programmes not only help build customer commitment but also demonstrate a firm’s commitment” (Liu, 2007:20). As customers do not often commit to a single brand, a company can reduce the lack of commitment by increasing the switching costs to consumers (Liu, 2007:20).

Commitment is also referred to as affective loyalty by Oliver (1999:35) and is seen as cognition and affect within the customer’s mind. Trustworthiness between parties is an important prerequisite to commitment, as commitment includes a sense of vulnerability (Terblanche, 2003:30).

### **3.3.1.8 Repeat Purchase**

The frequency and repetitive nature of encounters with the brand results in a specific behavioural response initiating the phenomenon of a repeat purchase; when established it is difficult to change the behavioural response (Punniyamoorthy & Raj, 2007:226).

Dick and Basu (1994:100) indicate that repeat purchase might not directly translate into brand loyalty, as high instances of repeat purchases could be as a result of situational restraints such as brand availability and low repeat purchases could be as a result of variety seeking and low brand preferences. Dick and Basu (1994:101) therefore designed a matrix, where attitude and repeat patronage could be compared to indicate the relative amount of brand loyalty applicable.

Repeat purchases often differ from one year to the next, as customers change their degree of loyalty between brands (Sharp *et al.*, 2012:207). Striking a balance between *attitude* and *repeat purchase* among clientele, can have positive brand loyalty ramifications; making this an important focus in marketing and relationship management.

### **3.3.1.9 Brand Affect**

Chaudhuri and Holbrook (2001:82) define brand affect as “a brands potential to elicit a positive emotional response in the average consumer as a result of its use.” Moolla and Bisschoff (2012a:79) further state that brand affect is normally characterised by two independent dimensions, namely positive and negative. The affect that a brand has can therefore be either good/positive or bad/negative, with marketers aiming at increasing the positive dimension of the brand, influencing the customer in a positive way.

Brand affect can be seen as affective commitment, where the client forms a relationship with the brand and remains loyal as the customer has a favourable attitude towards the brand they purchase regularly (Fullerton, 2005:99). According to Kim *et al.* (2008:99) a customer is more willing and unperturbed when they buy a brand that is familiar to them, as they know what they can expect from the brand. Customers therefore form a satisfaction judgment of the brand and can substantiate why they become loyal to the brands they consume/use (Fullerton, 2005:100).

Matzler, Bidmon and Grabner-Kräuter (2006:427) indicates that brand affect serves as a predictor for consumer behaviour, with hedonic value (openness and extraversion) and personality traits seen as the two drivers of brand affect.

### **3.3.1.10 Brand Relevance**

Brands need to be more evolved and structured in today’s competitive environment, as brands need to convey meaning that will resonate with the consumer, forming the basis of brand relevance (Moolla & Bisschoff, 2012a:79). Brand relevance can be achieved by distinguishing the product from other offerings in the market by using characteristics such as personality, organisational values, social programmes, self-expressive benefits or community benefits (Aaker, 2012:44).

By including the 'must have' characteristics, the offer will be perceived as being superior to competitors' offerings (Aaker, 2012:44). Aaker (2012:45) also states that "transformational innovation is a game changer" as it adapts the basic brand offering, where substantial innovation enhances current characteristics. Using both transformational and substantial innovation as a base can assist in creating brand relevance. Customers therefore choose the brand as it is seen as the most relevant brand, distinguishing it from its competitors.

#### **3.3.1.11 Brand Performance**

Moolla and Bisschoff (2012a:79) explain that brand performance is seen as the perceived performance of the brand subject to the evaluation of the customer after consumption. Schiffman and Kanuk (2010:508) list five dimensions that ensure a customer's needs are met through a relationship marketing programme. They are as follows (Schiffman & Kanuk, 2010:508):

Cognitive – how relevant is the product or service

Affective – can the consumer identify with the brand

Conative – perceived value for money

Situational – the accessibility of the brand or product

Social norms – the confidence that the customer will be satisfied

#### **3.3.1.12 Culture**

Du Plessis and Rousseau (2003:112) define cultural influences as imbedded beliefs, norms, values and customs which align conduct in society, are learnt and lead to observable behavioural patterns. Kotler and Armstrong (2012:110,159) define culture as family and other establishments that affect people's basic values, perceptions, wants, preferences and behaviours.

Schiffman and Kanuk (2010:367) distinguish between three subjective cultural levels, and can be defined as follows:

- Supranational level – Cultural differences that is seen across national borders and countries;
- National level – A cultural identity that is specific to citizens in a certain nation; and
- Group level – Cultures among different groups, also referred to as subcultures.

Each one of the subjective cultural levels gives members of the culture a frame of reference of what is acceptable behaviour and practice. Culture can therefore influence buyer behaviour and shopping patterns of consumers.

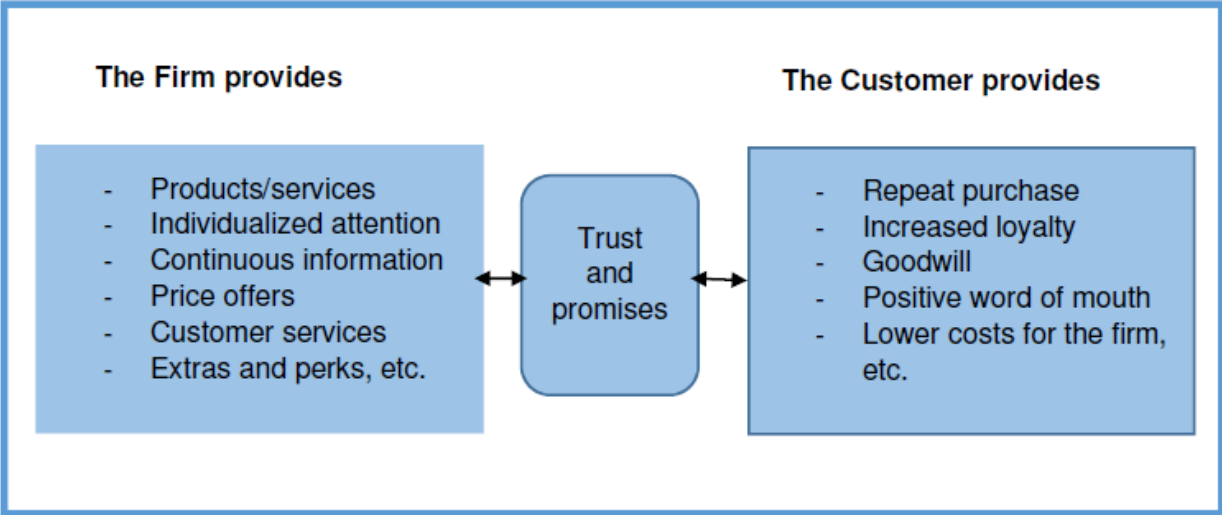
### **3.4 LOYALTY PROGRAMMES**

Liu (2007:20) refers to a loyalty programme as “a programme that allows consumers to accumulate free rewards when they make repeated purchases with a firm. Such a programme rarely benefits consumers in one purchase but is intended to foster customer loyalty over time”. Oliver (1999:34-36) defines consumer loyalty as “a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future” and can be identified in four different levels, including cognitive, affective, conative and behavioural.

In the past decade, companies have ventured into relationship marketing to increase interaction with customers. The drive towards relational marketing has mainly been influenced by customers not being as loyal as they were in the past, mainly due to abundance of choice, access to information, entitlement, commoditization, insecurity and time scarcity influencing customers' decisions (Schiffman & Kanuk, 2009:537).

The increased use of technology and social media as a trading and communication platform has also made it much easier for companies to punt their brands directly to the customer. Focus is given to loyal customers, as previous researchers have found that “loyal customers offer businesses a steady customer base, more frequent purchase cycles, higher profit margins and a group of advocates who voluntarily market the firm to prospective customers” (McCall & Voorhees, 2010:35). The benefits that sprout from the relationship marketing can be seen in Figure 3.4 as set out by Schiffman and Kanuk (2009:557), with trust and promises at the core of the relationship.

Figure 3.5: Relationship marketing benefits



Source: Schiffman & Kanuk(2009:509)

Retailers and product distributors have placed immense focus on including loyalty programmes as part of their offering, as this helps in increasing brand loyalty. This has become a form of competition all in its own, as brand loyalty can influence profitability and the consumer’s decisions (Moolla & Bisschoff, 2012a:71). Ashley *et al.* (2011:749) indicate that privacy concerns, involvement and shopping frequency are some of the factors impacting on the willingness of customers to partake in loyalty programmes.

Obstacles like the aforementioned can have a direct influence on the success of loyalty programmes, but also the triple bottom line.

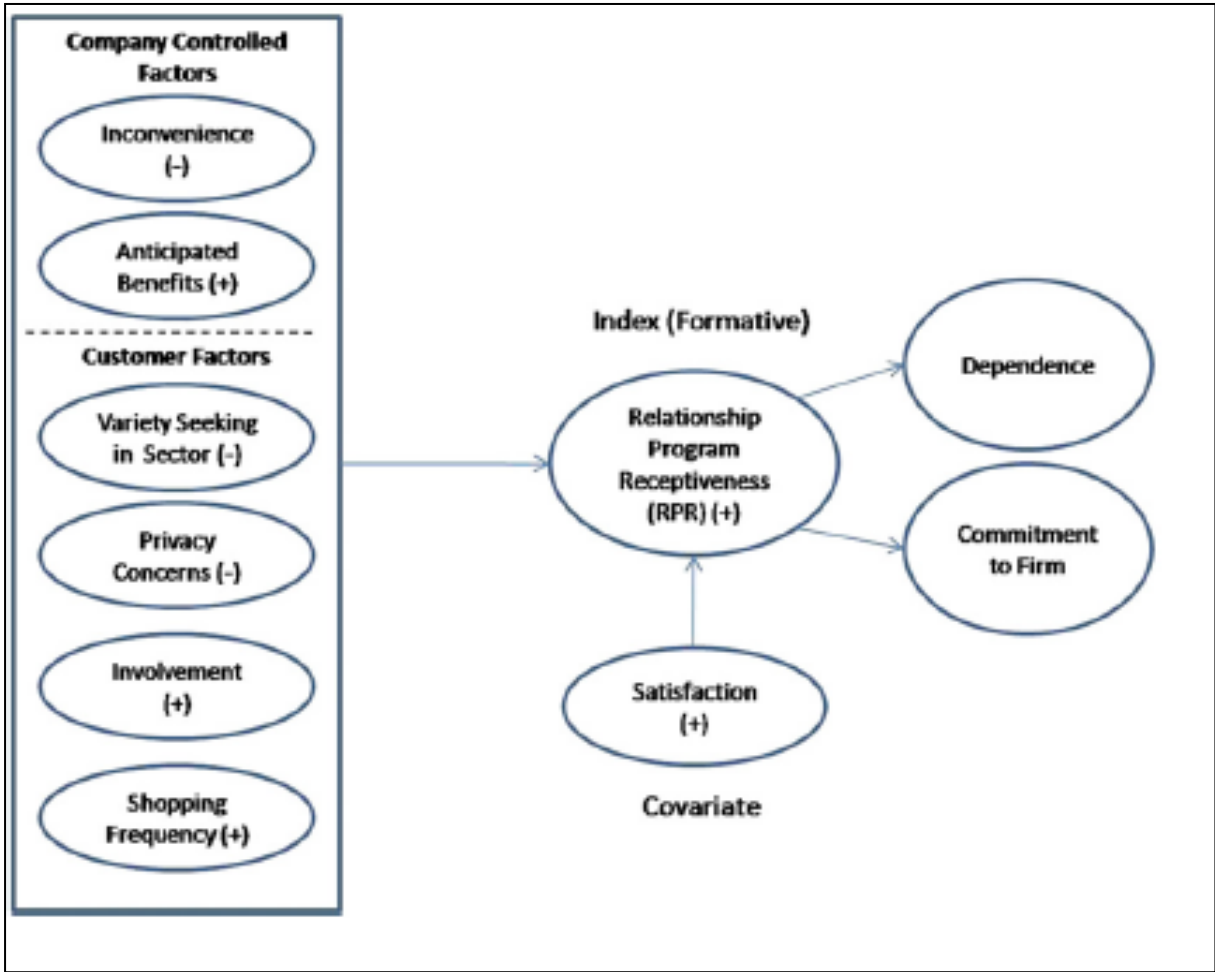
Dorotic, Bijmolt and Verhoef (2012:217) also found that loyalty programmes increase purchasing behaviour over a longer period of time, but the effect varies between segments and markets. This is beneficial to the company and stresses the notion that it is cheaper to keep a current customer than to attract a new one.

Companies can now directly interact with customers, making the customers feel appreciated and valued. This also result in the perceived switching costs to be too high when customers are confronted with other competing brands, and will remain with the current provider to maximise personal gain (Liu 2007:20). Customers will therefore identify the possible cost implications for them if they partake, against the benefits or rewards offered. It is therefore important to offer something that sets the offer apart from others “competing for the customers’ time and mind share” (Ashley *et al.*, 2011:754).

Numerous companies have invested in expensive CRM (Customer Relationship Management) tools to gain access to their customers. Using tools such as CRM and a loyalty programme as a personalised marketing mechanism, the behaviour and attitude of the consumers can be improved (Dorotic *et al.*, 2012:219). One such a method that is also used by Eukanuba, is the use of a loyalty programme. Bolton, Kannan and Bramlett (2000:95) describe loyalty programmes as value-sharing instruments structured in such a way as to increase positive customer perceptions and customer retention. Eukanuba also makes use of newsletters, “which enhances the dialogue with the firm online” (Ashley, *et al.*, 2011:749). This form of marketing where the customer gives consent to receive information such as newsletters before it is sent, is referred to as ‘permission marketing’ (Schiffman & Kanuk, 2009:537).

The effectiveness of loyalty programmes have been a contentious issue with much debate and research focusing specifically on this particular issue. Ashley *et al.* (2011:749) specifically focused on the obstacles to relationship marketing, indicating that privacy concerns, involvement and shopping frequency are some of the factors impacting on the willingness to partake in a loyalty programme (see Figure 3.5). Ashley *et al.* (2011:749) further states that loyalty programmes fail due to a lack of customer participation in marketing programmes.

Figure 3.6: Model to identify company controlled programme characteristics and customer factors



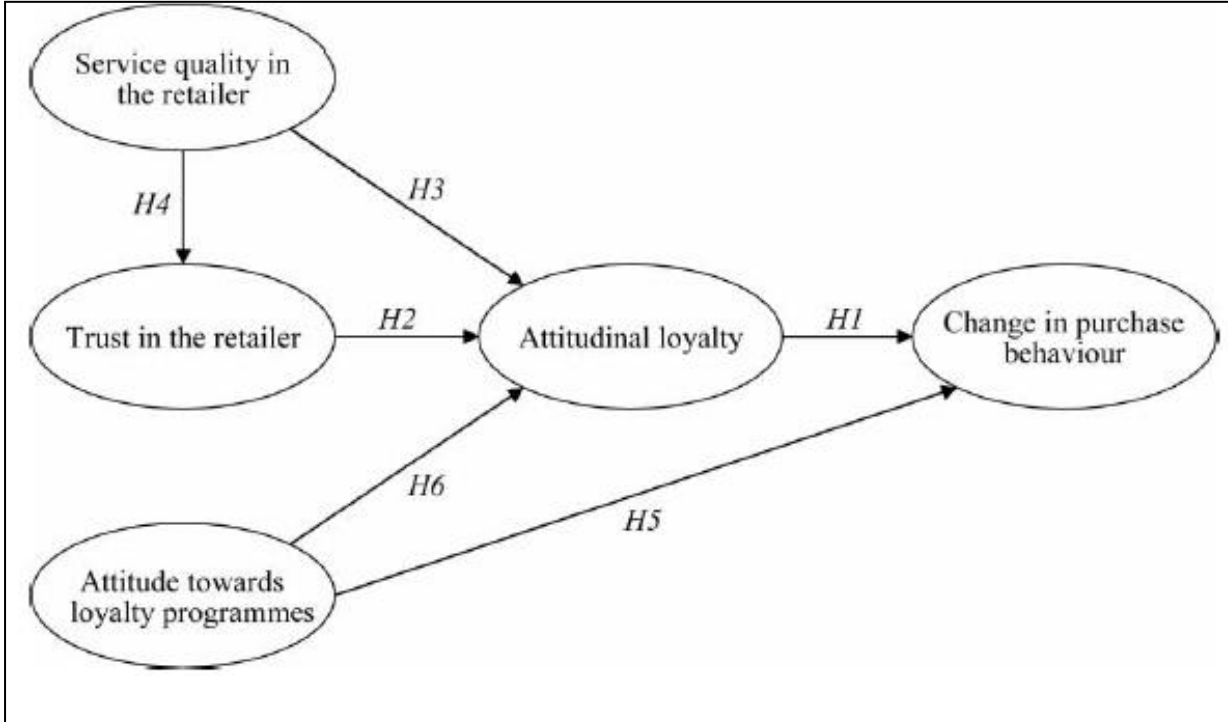
Source: Ashley *et al.*, 2011:749

Customers often belong to more than one loyalty programme offered by different companies in different sectors, resulting in companies having to share visits and expenditures from customers (Agudo *et al.*, 2012:1324). This results in companies

needing to fight for the consumers' attention, by creating greater perceived value for the customer. The loyalty programme endeavours will only be beneficial to the company when and if the customer perceives their offering to be equal or superior to that of their competitors (Agudo *et al.*, 2012:1324).

Agudo *et al.* (2012:1324) have also developed a theoretical model, to measure the effect that trust in the company, perceived quality of service and attitude towards loyalty programmes can have on the consumer's buyer behaviour (Figure 3.6). The results of the research indicates that attitudinal loyalty does influence buyer behaviour, confirming the importance of the customers attitude towards loyalty programmes to ensure success in creating attitudinal loyalty.

Figure 3.7: Theoretical model to measure change in consumer's buying behaviour



Source: Agudo *et al.* (2012:1329)

Marketers should also not assume that all satisfied customers want to engage in relationship marketing programmes (Ashley *et al.*, 2011:755). McCall and Voorhees (2010:37) have found that the main drivers of loyalty programme effectiveness can be

classified according to the structure of the loyalty programme, the structure of the rewards and the consumer fit with the loyalty programme. Exchange utility benefits, offering certain benefits only to loyalty programme members, have been proven to have lasting effects on brand loyalty (McCall & Voorhees, 2010:42).

Dorotic *et al.* (2012:220) have found loyalty members perceive utilitarian, hedonic and symbolic advantages of forming part of a loyalty programme, with most consumers preferring utilitarian benefits such as savings and gifts. Schiffman and Kanuk (2009:554) indicate that when 66 loyalty programmes were assessed, three main themes were shared between programmes. This includes increasing communication with customers, giving the customers added benefits/perks and an increased feeling of belonging. The researcher will therefore aim to measure key brand loyalty constructs as perceived by customers within the current loyalty programme.

### **3.5 SUMMARY**

From the literature review, it is clear that there are many facets that play a part in pet food brand loyalty. The literature review focused on the following facets:

- The branding and concepts relating to branding, influencing brand loyalty.
- Brand loyalty, models and perceptions of the brand, aiding in increased comprehension of the construct.
- Using and reviewing a tried and tested brand loyalty model, exploring what each construct measured in the model encompasses.
- Defining the concept, purpose and efficacy of a loyalty programme, as it plays a major role in establishing a successful relationship with the customer

The literature review included in Chapter 3 has led to a better understanding of the concept of brand loyalty, forming the fundamental base needed to successfully execute an empirical study. The empirical study follows in Chapter 4.

# CHAPTER 4 – RESEARCH, FINDINGS AND DISCUSSION

## 4.1 INTRODUCTION

This chapter presents the findings of the empirical study conducted, making use of a validated questionnaire to measure brand loyalty among Loyalty Programme members and Breeders within the pet food industry of South Africa. The questionnaire utilised in the study, is derived from the FMCG brand loyalty model developed by Moolla and Bisschoff (2012b:107).

This chapter includes:

- The research methodology;
- Statistical analysis, including a factor analysis, Kaiser-Meyer-Olkin measuring of sampling adequacy, Bartlett's test of sphericity, Cronbach Alpha; and
- Analysis of the results.

The results of the study conducted are discussed, with emphasis on:

- Can the brand loyalty model designed by Moolla and Bisschoff measure brand loyalty within the pet food industry;
- Which factors influence brand loyalty within the Loyalty Programme of a leading pet food brand; and
- Which factors influence brand loyalty within the Breeders' club associated with the leading pet food brand.

## 4.2 MEASURING INSTRUMENTS

The measurement of the variables includes:

- *Dependent variable*

According to Welman *et al.* (2005:16) the dependent variable is measured to determine the effect that the independent variable has had on it.

Brand loyalty, therefore, is the dependent variable selected.

- *Independent variable*

Salkind (2008:23) indicates that “an independent variable is manipulated in the course of an experiment to understand the effects of this manipulation on the dependent variable.”

From the twelve influences of brand loyalty, as developed by Moolla and Bisschoff (2012a:82), nine influences were selected (switching costs, brand trust, involvement, perceived value, commitment, repeat purchase, brand affect, brand relevance and culture) which will form the independent variables.

### 4.2.1 Contextual factors

Economics play a major role in consumer spending and brand loyalty. This not only includes the country and global economics, but also personal wealth and living standards. In the tough economic times facing the South African market, it will be of interest to see how consumer spending and brand loyalty is affected towards a specific FMCG product, namely pet food.

Customers' perceptions will be tested with regards to the use of these loyalty programmes and the possible benefits they hold. The Likert scale, which tests the attitude of respondents towards a certain objective (Welman *et al.*, 2005:156) will be used in the questionnaire based on previous research by Moolla and Bisschoff (2012b) and Lara and De Madariaga (2007).

The five point Likert scale as measuring instrument has been chosen for the following reasons:

- it is easy to administer;
- it is easy and uncomplicated to complete;
- specific constructs will be tested through specially formulated questions;
- the information received revolves around the topic of interest and does not stray; and
- analysis of the results will be easier.

The mean response rate was analysed for each construct, with analysis of the determinant coefficient and standard deviation. This will give an indication of which of the nine constructs tested are more prominent in brand loyalty of pet food products.

#### **4.3 RESEARCH PROCEDURE**

The population and sample varies from previous research as the study will be conducted on a specific brand distributed in South Africa. The results will be brand specific and can therefore not be directly extrapolated to other companies.

The research procedure was started by reviewing the database to ensure the population can be properly defined. The entire population of Breeders' club members were asked to participate, whereas with the Loyalty Programme members the data supplied by the company was utilised.

The questionnaire was sent as an email with a link directing the recipient to the questionnaire in the programme *SurveyMonkey*. The email was sent using a standardised format, indicating what the aim of the research will be and that the

questionnaire will only be analysed at a group level. Only the final collective feedback would be published, posing no risk to the individual.

The completed questionnaire was processed immediately after it was submitted on the link. Data analysis started after a six-week period in which the sample could respond. After the cut-off period, the members could no longer participate. The results were made available to the North-West University and to the company for internal use.

#### **4.4 RESEARCH METHODOLOGY**

The six steps in the research process as proposed by Welman *et al.* (2005:12-13) are applied to the study and includes the identification of the research topic, defining the research problem, establishing the execution of the study, data collection and research data interpretation.

These steps encompass the underlying principles of research as set out by De Vos *et al.* (2005:72), indicating research:

- starts with a problem;
- ends with a conclusion, based on the data findings;
- the process is based on observable facts;
- it is logical and orderly;
- is guided by a reasonable supposition; and
- confirms or rejects the supposition.

##### **4.4.1 Step 1: Identification of the research topic**

The retail segment was the focus of the study, specifically the effect that brand loyalty has had on consumers forming part of a loyalty programme. Loyalty programmes are being incorporated into numerous brands' offerings, with certain benefits for customers

linked to it. Often sales and trends are monitored, but the customers' actual perceptions are not tested.

Brand loyalty is a key driver in marketing efforts, making the topic relevant and heightens interests (Welman *et al.*, 2005:13). According to Whitley (2002:91) it is important that the research topic must be of interest to the researcher and must be feasible. The proposed research topic adheres to both these requirements.

#### **4.4.2 Step 2: Defining the research problem**

Measuring Eukanuba's Loyalty Programme members' perceptions of brand loyalty, can lead to greater insights of the brands' current offering, identifying possible opportunities. It is for this reason that the study addresses the lack of research focusing on the perceptions of South African customers towards a specific premium pet food brand. The research problem is elaborated upon in section 1.2 of Chapter 1, clarifying the research topic through previous research and formulating research questions that the study aims to answer (De Vos *et al.*, 2005:72). The research is of a descriptive nature in the form of a case study analysis. The case study analysis is conducted on Eukanuba's Loyalty Rewards Programme members, as the dynamics are tested in a "single bounded system" (Welman *et al.*, 2005:25).

#### **4.4.3 Step 3: Establishing how the research will be executed**

Previous research is of importance to determine if there are models and/or questionnaires applicable to the study, assisting in establishing what the research paradigm will be (Welman *et al.*, 2005:13). A thorough literature review was conducted in chapter two and three (refer to Chapter one for chapter division). The literature review consists of a review of the current market, brand loyalty and the human companion animal relationship.

The empirical study was planned, consisting of the research design, the population and units of analysis, the measuring instrument used and statistical analysis.

#### **4.4.4 Step 4: Research design**

The study conducted is of a quantitative nature, focusing on the cross-sectional characteristics of the perceived brand loyalty at a specific time. This measures the effect that the independent variable has had on the dependent variable. The researcher distanced him/herself from the research to remain objective and worked with average behaviour of people in the specific population (Whitley, 2002:34).

##### *4.4.4.1 Population and units of analysis*

The study was based on a leading international nutritional pet food brand distributed in South Africa, which has a Loyalty Programme membership of around 58 000 individuals and a Breeders' club membership of 1047. As it is not feasible to try and gather responses on the entire Loyalty Programme membership base (58 000 individuals), the questionnaire was sent to a sample supplied to the researcher.

If the sample is too large, it can result in unnecessary resource, budget and time constraints. The sample percentage of the total population was guided by the table as suggested by Stoker, calculated on a sliding scale (De Vos *et al.*, 2005:196).

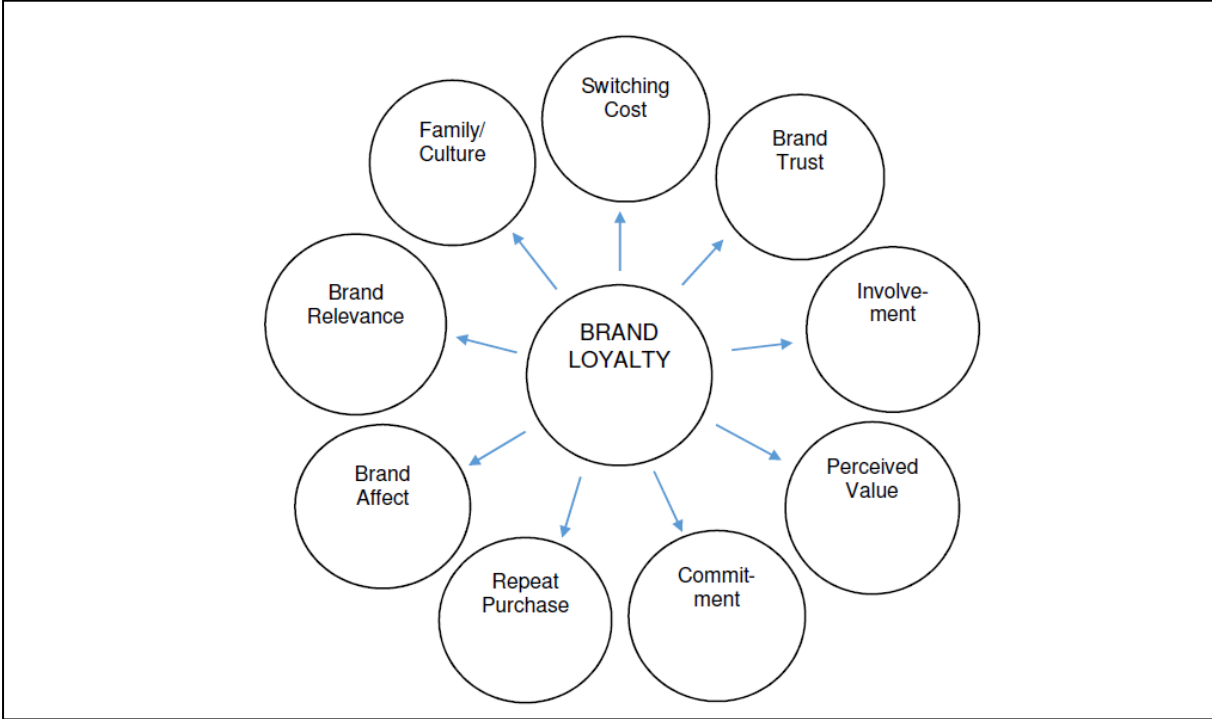
##### *4.4.4.2 Measuring instrument*

Brand loyalty was measured utilising a questionnaire as measuring instrument that was distributed to the company customer data base contacts, as "brand loyalty research is predominantly conducted through questionnaires" (Moolla & Bisschoff, 2012a:72). A valid questionnaire had to be used and distributed to the partaking customers. The

model to measure the brand loyalty of fast moving consumer goods designed and tested by Moolla and Bisschoff (2012b:106) was used as a base for the study.

From the twelve influences of brand loyalty, as developed by Moolla and Bisschoff (2012a:82), nine influences were selected (switching costs, brand trust, involvement, perceived value, commitment, repeat purchase, brand affect, brand relevance and culture) to form a conceptual framework (figure 4.1). The questionnaire used by Moolla and Bisschoff was adapted to include 38 questions, measuring each of the nine selected constructs that form part of brand loyalty.

Figure 4.1: Conceptual framework – Brand Loyalty



Source: Adapted from Moolla and Bisschoff (2012a:82)

The questionnaire designed by Moolla and Bisschoff (2012a:80) was used as the measuring tool for the study. The questionnaire had to be adapted to the specific brand analysed to ensure the questionnaire could be easily understood and utilised.

The adaptation however resulted in the need to conduct a factor analysis to see how many factors are present to measure brand loyalty.

Table 4.1: Adaptation of questionnaire designed by Moolla and Bisschoff (2012a:80)

Dimension	Code	Item	Source	Adaptation
<b>Customer Satisfaction</b>	CUS01	I am very satisfied with the FMCG brands I purchase	Delgado (2003:54)	Dimension not measured
	CUS02	Distinctive product attributes in FMCG keep me brand loyal	Saaty (1994:121).	
	CUS03	My loyalty towards a particular FMCG brand increases when I am satisfied about that brand	Mowbray (1999:83) Wang (2001:63)	
	CUS04	I do not repeat a purchase if I am dissatisfied about a particular FMCG brand	Engels (2005:83)	
	CUS05	I attain pleasure from the FMCG brands I am loyal towards	Leuthesser and Kohli (1995:17)	
	SCR01	I do not switch FMCG brands because of the high cost implications	Klemperer (1987:176)	I might switch pet food brands because of the high cost involved
	SCR02	I do not switch FMCG brands because of the effort required to reach a level of comfort	Beggs and Klemperer (1992:56)	I do not switch pet food brand because of the effort it takes to switch

<b>Switching Cost/Risk Aversion</b>	SCR03	I avoid switching FMCG brands due to the risks involved	Self-generated item	I avoid switching pet food brands due to the risks involved
	SCR04	I switch FMCG brands according to the prevailing economic conditions	Thompson (2009:1)	I stick to Eukanuba because high quality pet food is value for money
	SCR05	I prefer not to switch FMCG brands as I stand to lose out on the benefits from loyalty programmes	Klemperer (1995:9)	I remain loyal to the Eukanuba brand as I do not want to lose the Loyalty Programme benefits, such as promotions, discount vouchers and interesting articles
<b>Brand Trust</b>	BTS01	I trust the FMCG brands I am loyal towards	Yau, McFetridge et al.(2000:211)	I am loyal because I trust the Eukanuba brand
	BTS02	I have confidence in the FMCG that I am loyal to	Morgan and Hunt (1994:23)	I have confidence in Eukanuba pet food
	BTS03	The FMCG brands I purchase has consistently high quality	Hess (1995:241)	Eukanuba pet food is consistently of high quality
	BTS04	The reputation of a FMCG brand is a key factor in me maintaining brand loyalty	Hutton (1997:211)	I remain loyal to Eukanuba because of their reputation
	RPR01	I prefer to maintain a long term relationship with a FMCG brand	Dwyer (1987:14)	Dimension not measured
	RPR02	I maintain a relationship with a FMCG brand in keeping with my	Bloemer (2002:6)	

		personality		
<b>Relationship</b>	RPR03	I maintain a relationship with an FMCG brand that focuses and communicates with me	Aggarwal (2005:2)	
<b>Proneness</b>	RPR04	I have a passionate and emotional relationship with the FMCG brands I am loyal to	McEwen (2009:1)	
<b>Involvement</b>	INV01	Loyalty towards a FMCG brand increases the more I am involved with it	LeClerc and Little (1997:223)	The benefits that I get from the Eukanuba Loyalty Programme is the reason I remain loyal
	INV02	Involvement with a FMCG brand intensifies my arousal and interest towards that brand	Miller and Marks (1996:223)	The Eukanuba Loyalty Programme and other promotions keep me interested
	INV03	I consider other FMCG brands when my involvement with my FMCG brand diminishes	Self-generated item	I would consider other pet food brands if it was not for the Loyalty Programme
	INV04	My choice of a FMCG brand is influenced by the involvement others have with their FMCG brand	Minor (2006:1)	My choice of a pet food brand is influenced by others
	PVL1	My FMCG brand loyalty is based on product quality and expected performance	Afiff (2008:1)	My Eukanuba pet food brand loyalty is based on product quality and expected performance

<b>Perceived Value</b>	PVL02	I have an emotional attachment with the FMCG brands I am loyal towards	Raj (2006:23)	I have a connection with the Eukanuba brand
	PVL03	Price worthiness is a key influence in my loyalty towards FMCG brands	Punniyamoorthy and Raj (2007:233)	I believe Eukanuba pet food is worth the price I pay
	PVL04	The FMCG brands that I am loyal to enhances my social self-concept	Punniyamoorthy and Raj (2007:233)	The Eukanuba brand that I am loyal to, enhances the way I see myself socially
<b>Commitment</b>	COM01	I have pledged my loyalty to particular FMCG brands	Kim <i>et al.</i> , (2007:2)	I believe that I am a loyal Eukanuba client
	COM02	I do not purchase/sample other FMCG brands if my FMCG brand is unavailable	Self-generated item	I do not purchase/ sample other pet food brands if Eukanuba is unavailable
	COM03	I identify with the FMCG brands that I consume and feel as part of the brand community	McAlexander <i>et al.</i> (2002:18).	I identify with the brand and feel as if I am part of the Eukanuba community
	COM04	The more I become committed to a FMCG brand, the more loyal I become	Fullerton (2003:162)	The more committed I am to Eukanuba, the more loyal I become
	COM05	I remain committed to FMCG brands even through price increases and declining popularity	Foxall (2002:18)	I remain committed to Eukanuba even when it becomes hard to do so
	RPS01	My loyalty towards FMCG brands is purely habitual	Gordon (2003:333)	My loyalty towards Eukanuba pet food is purely a habit

<b>Repeat Purchase</b>	RPS02	I do not necessarily purchase the same FMCG brands all the time	Self-generated item	I do not necessarily purchase the same Eukanuba pet food all the time
	RPS03	I always sample new FMCG brands as soon as they are available	East (1996:31)	I always sample new Eukanuba products as soon as they are on the shelf
	RPS04	I establish a FMCG brand purchasing pattern and seldom deviate from it	Prince (2008:4)	I always buy the same Eukanuba pet food and seldom try something else
	RPS05	Loyalty programmes are reason I repeat FMCG brand purchases	Sharp (1999:4)	The Loyalty Programme is the reason I repeat Eukanuba pet food purchases
<b>Brand Affect</b>	BAF01	I attain a positive emotional response through the usage of a FMCG brand	Chaudhuri and Holbrook (2002:146)	Buying the Eukanuba brand leaves me with a positive feeling
	BAF02	The FMCG brands that I am loyal towards makes a difference in my life	Moorman <i>et al.</i> , (1992:45)	Eukanuba products make a difference in my pet's life
	BAF03	I am distressed when I am unable to use/purchase a particular FMCG brand	Baker <i>et al.</i> (1992:46)	I am upset when the Eukanuba pet food I purchase is out of stock
	BRV01	The FMCG brands that I am loyal towards stands for issues that actually matters	Tucker (2005:87)	Eukanuba stands for issues that actually matter
	BRV02	The FMCG brands that I am loyal towards has freshness about them and portray positive significance	Liddy (2001:17)	Eukanuba has fresh ideas and portrays a positive contribution in general

<b>Brand Relevance</b>	BRV03	I know that an FMCG brand is relevant through the brand messages communicated.	Moore (2003:6)	I know that Eukanuba pet food is relevant as it is sold through my vet
	BRV04	The FMCG brands that I am loyal towards are constantly updating and improving so as to stay relevant	Self-generated item	Eukanuba pet food products are constantly updating and improving
<b>Brand Performance</b>	BPF01	I evaluate a FMCG brand based on perceived performance	Musa (2005:47)	Dimension not measured
	BPF02	I will switch FMCG brand loyalty should a better performing FMCG brand be available	Endut (1999:112)	
	BPF03	I am loyal only towards the top performing FMCG brand	Huipulco (2008:5)	
<b>Family/  Culture</b>	CUL01	My choice of FMCG brands is in keeping with the choice made by other members in my race group	Self-generated item	My choice of Eukanuba pet food is influenced by other members in my race group
	CUL02	My loyalty towards an FMCG brand is based on the choice of FMCG brand used by my family	Kotler and Keller (2006:177)	My loyalty towards Eukanuba pet food is influenced by my family
	CUL03	Religion plays a role in my choice and loyalty of FMCG brands	Self-generated item	Religion plays a role in my choice and loyalty towards Eukanuba products
	CUL04	Family used FMCG brands indirectly assure brand security and trust.	Simons (2004:112)	The fact that my family use Eukanuba products encourages me to trust the brand

The final questionnaire utilised in the measurement of brand loyalty within the study after the adaptation of the questionnaire designed by Moolla and Bisschoff (2012a:80) follows.

Table 4.2: Final questionnaire utilised

<b>Dimension</b>	<b>Question</b>	<b>Code</b>	<b>Final Question</b>
<b>Switching Cost/Risk Aversion</b>	<b>11</b>	SCR01	I might switch pet food brands because of the high cost involved
	<b>12</b>	SCR02	I do not switch pet food brand because of the effort it takes to switch
	<b>13</b>	SCR03	I avoid switching pet food brands due to the risks involved
	<b>14</b>	SCR04	I stick to Eukanuba because high quality pet food is value for money
	<b>15</b>	SCR05	I remain loyal to the Eukanuba brand as I do not want to lose the Loyalty Programme benefits, such as promotions, discount vouchers and interesting articles
<b>Brand Trust</b>	<b>16</b>	BTS01	I am loyal because I trust the Eukanuba brand
	<b>17</b>	BTS02	I have confidence in Eukanuba pet food
	<b>18</b>	BTS03	Eukanuba pet food is consistently of high quality
	<b>19</b>	BTS04	I remain loyal to Eukanuba because of their reputation
<b>Involvement</b>	<b>20</b>	INV01	The benefits that I get from the Eukanuba Loyalty Programme is the reason I remain loyal
	<b>21</b>	INV02	The Eukanuba Loyalty Programme and other promotions keep me interested
	<b>22</b>	INV03	I would consider other pet food brands if it was not for the Loyalty Programme
	<b>23</b>	INV04	My choice of a pet food brand is influenced by others

<b>Perceived Value</b>	<b>24</b>	PVL1	My Eukanuba pet food brand loyalty is based on product quality and expected performance
	<b>25</b>	PVL02	I have a connection with the Eukanuba brand
	<b>26</b>	PVL03	I believe Eukanuba pet food is worth the price I pay
	<b>27</b>	PVL04	The Eukanuba brand that I am loyal to, enhances the way I see myself socially
<b>Commitment</b>	<b>28</b>	COM01	I believe that I am a loyal Eukanuba client
	<b>29</b>	COM02	I do not purchase/ sample other pet food brands if Eukanuba is unavailable
	<b>30</b>	COM03	I identify with the brand and feel as if I am part of the Eukanuba community
	<b>31</b>	COM04	The more committed I am to Eukanuba, the more loyal I become
	<b>32</b>	COM05	I remain committed to Eukanuba even when it becomes hard to do so
<b>Repeat Purchase</b>	<b>33</b>	RPS01	My loyalty towards Eukanuba pet food is purely a habit
	<b>34</b>	RPS02	I do not necessarily purchase the same Eukanuba pet food all the time
	<b>35</b>	RPS03	I always sample new Eukanuba products as soon as they are on the shelf
	<b>36</b>	RPS04	I always buy the same Eukanuba pet food and seldom try something else
	<b>37</b>	RPS05	The Loyalty Programme is the reason I repeat Eukanuba pet food purchases
<b>Brand Affect</b>	<b>38</b>	BAF01	Buying the Eukanuba brand leaves me with a positive feeling
	<b>39</b>	BAF02	Eukanuba products make a difference in my pet's life
	<b>40</b>	BAF03	I am upset when the Eukanuba pet food I purchase is out of stock

<b>Brand Relevance</b>	<b>41</b>	BRV01	Eukanuba stands for issues that actually matter
	<b>42</b>	BRV02	Eukanuba has fresh ideas and portrays a positive contribution in general
	<b>43</b>	BRV03	I know that Eukanuba pet food is relevant as it is sold through my vet
	<b>44</b>	BRV04	Eukanuba pet food products are constantly updating and improving
<b>Family/ Culture</b>	<b>45</b>	CUL01	My choice of Eukanuba pet food is influenced by other members in my race group
	<b>46</b>	CUL02	My loyalty towards Eukanuba pet food is influenced by my family
	<b>47</b>	CUL03	Religion plays a role in my choice and loyalty towards Eukanuba products
	<b>48</b>	CUL04	The fact that my family use Eukanuba products encourages me to trust the brand

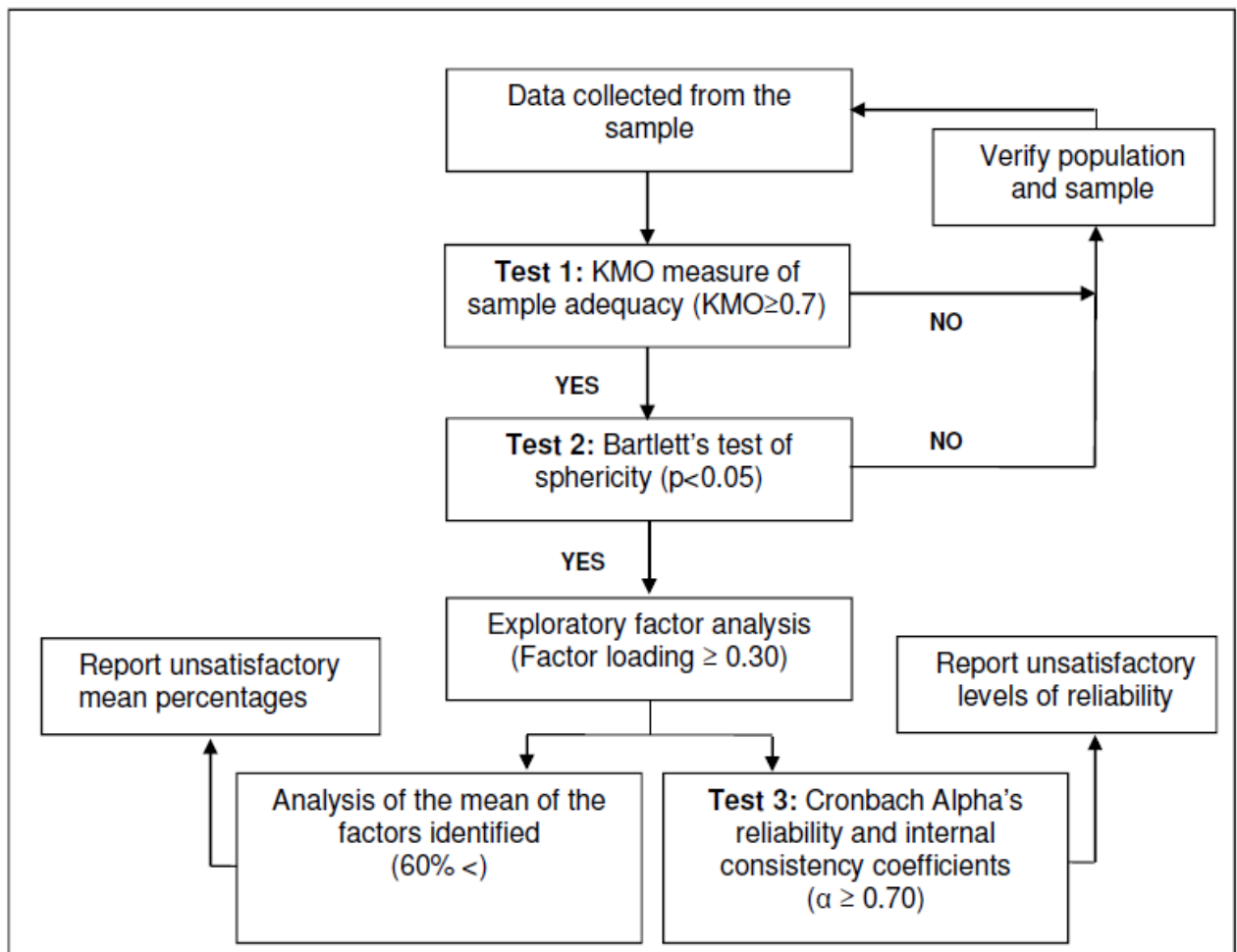
Source: Adapted from Moolla and Bisschoff (2012a:80)

#### 4.4.5 Step 5: Statistical analysis

As the adapted questionnaire has not been tested, exploratory factor analysis was necessary, making use of principal component analysis as the extraction method, with Varimax utilising Kaiser normalisation as the rotation method. The factor loadings were set at a minimum of 0.30, with the cumulative variance of the data set at 60% minimum. The higher the factor loading is, the stronger is the association with the factor.

The use of Cronbach's alpha will also be used to analyse test reliability. Cronbach alpha examines if the results reflect what the test was set out to measure (Welman *et al.*, 2005:142). The mean response rate was analysed for each construct, with analysis of the standard deviation. This gave an indication of which brand loyalty influence is taken in higher regard.

Figure 4.2: Data collection procedure utilised



Source: Adapted from Naidoo (2011:19)

#### 4.5 RESEARCH DATA COLLECTION

Permission by the management of Eukanuba South Africa was obtained before the study could commence. This ensured that the research was well explained and understood by the company, before the study was initiated. The researcher had to establish direct communication with the marketing management team. Information required from the company distributing the brand included the loyalty programme consumer database contacts and assistance in communicating and sending/receiving information to/from the consumers.

#### 4.5.1 Analysing the research data

Data was analysed according to statistical data analysis tools, ensuring that inferences can be made from the obtained results, as the analysis and data interpretation constitutes a major part of the research (Welman *et al.*, 2005:13). The demographics of the sample were also interpreted and analysed. The data analysis is discussed in sections 4.5 to 4.7.

##### 4.5.1.1 Demographics

The demographical data gathered from the research respondents can be seen with the graphical representation in Table 4.3 of the frequency distribution. The categorical nature of the data results in the demographical questions to be classified as being ordinal. Table 4.3 compares the response rates between the Members and the Breeders, with more frequent results indicated in green.

Table 4.3: Demographic comparison of Loyalty Programme members and Breeders'

DEMOGRAPHICS	MEASURE	MEMBERS	BREEDERS
Age	≤18	0	0
	19 – 29	9,09%	1,95%
	30 – 39	32,54%	13,17%
	40 – 49	31,58%	28,78%
	50 – 59	16,75%	30,24%
	60+	10,05%	25,85%
Gender	Male	29,19%	25,85%
	Female	70,81%	74,15%
Marital Status	Single	18,18%	18,05%
	Married	71,29%	59,51%
	Divorced	8,13%	19,02%
	Widow/er	2,39%	3,41%

Annual Income	≤R100 000	10,53%	9,27%
	R100 001 – R250 000	28,23%	19,51%
	R250 001 – R500 000	28,71%	26,34%
	R500 001 – R1000 000	21,53%	11,71%
	R1000 000≤	11%	4,88%
	No Answer	0%	28,29%
Race	Black	0	0
	White	91,87%	95,12%
	Coloured	2,39%	1,95%
	Indian	1,91%	1,95%
	Other	3,83%	0,98%
Number of dogs	1	21,05%	3,90%
	2	55,50%	16,59%
	3	11,96%	19,51%
	4	4,78%	12,68%
	5<	4,31%	46,34%
	none	2,39%	0,98%
Number of cats	1	13,40%	13,17%
	2	11,48%	5,85%
	3	1,44%	5,37%
	4	1,44%	1,46%
	5<	1,44%	10,24%
	none	70,81%	63,90%

#### 4.5.1.2 Loyalty Programme members

The survey was distributed to 1066 Loyalty Programme members supplied by the company from the Loyalty Programme database, with 209 members who responded, a response rate of 19.06%. Nine Loyalty Programme members decided to opt out and 75 emails were unsuccessful. One respondent skipped the required questions, resulting in 208 completed questionnaires. The respondents were more than the minimal requirement to ensure a normal distribution. Out of the 208 respondents, 134 respondents are aged between 30 and 49. 32.54% of the total respondents were aged 30 and 39 followed by 31.58% of respondents aged between 40 and 49.

Table 4.3 indicates that the Loyalty Programme members are predominantly female, consisting of 70.81% of the responses, with males 29.19% of the responses. The results indicate that there is great gender disparity in the Eukanuba Loyalty Programme members of South Africa. A total of 71.29% of respondents are married, 18.18% is single, 8.13% are divorced and 2.39% are widows/widowers. The majority of respondents earn between R100 001 to R500 000. This gives a clear indication what income bracket the respondents fall into. When the percentages are analysed, it can be seen that 28.71% respondents earn between R250 001 and R500 000, with 28.23% earning between R100 001 and R250 000. The respondents are therefore middle income group.

Loyalty Programme members are mostly white, with 91.87% of respondents belonging to this racial grouping. The most Loyalty Programme members have two dogs (55.50%), followed by one dog (21.05%) and three dogs (11.96%). Just over 8% of the respondents have more than three dogs, with 2.39% of respondents not owning a dog. It can be seen from the responses that 70.81% of the respondents do not own cats, indicating that only 29.19% of respondents do own a cat. When reviewing the 29.19% of cat owners, it is clear that 13.40% only have one cat, with 11.48% of respondents having two cats. Only 4% of respondents have three cats or more.

#### *4.5.1.3 Summary of the Loyalty Programme members*

The demographics of the Loyalty Programme members can therefore be summarised as being predominantly married white female shoppers, aged between 30 and 49 earning between R100 000 and R500 000. The Loyalty Programme members own on average more dogs (two on average) than cats (one on average).

#### *4.5.1.4 Breeders*

The survey was distributed to the entire population of 1047 Breeders' club members, with 205 members who responded, a response rate of 19.58%. Ten Breeders' club

members decided to opt out and 177 emails were unsuccessful. One respondent skipped the required questions, resulting in 204 completed questionnaires. The respondents were more than the minimal requirement to ensure a normal distribution. Out of the 204 respondents, 62 respondents are aged between 50 and 59 (30.24%), 59 of the respondents between 40 and 49 (28.78%), 53 of the respondents are 60 years and older (25.85%) and 27 respondents between 30 and 39 years of age. The respondents of the questionnaire distributed to breeders are predominantly female, as 152 of the 205 respondents are female (74.15%), with only 53 male respondents (25.85%).

From the results it is clear that the majority of respondents are married, with a 59.51% of the total population, followed by 19.02% of respondents divorced, 18.05% is single and 3.41% is a widow/widower. The Breeders' were mostly hesitant in disclosing their income, with 28.29% not disclosing their income bracket. There were however 26.34% indicating that they earn between R250 001-R500 000, followed by 19.51% indicating they earn within the R100 001 to R250 000 bracket. The race of the respondents is predominantly white consisting of 195 respondents (95.12%). The remaining ten respondents had a minimal contribution of 1.95% Coloured and 1.95% Indian. The Breeders' responses indicated that 95 (46.34%) had more than five dogs, 40 respondents had three dogs (19.51%) and 34 had two dogs (16.59%).

It can be seen from the responses that 131 of the respondents do not own cats (63.90%), indicating that only 74 respondents do own a cat (36.09%). When reviewing the 36.09% of cat owners, it is clear that 13.17% only have one cat, with 10.24% of respondents having five and more cats.

#### *4.5.1.5 Summary of the Breeders' club members*

The demographics of the Breeders' club members can therefore be summarised as being predominantly married white female shoppers, aged between 40 and 59. The

Breeders' club members own on average five and more dogs, which is more than cat owners as a whole.

#### 4.5.1.6 Age and product analysis

Questions 8 and 9 relate to the age of the pets of the Loyalty and Breeders' club members. No statistical inferences could be made relating to the age of the pets, indicating that the age of pets vary significantly. The data analysis of Question 10, probing which Eukanuba product is purchased the most regularly, followed the framework as set out in Table 4.4 for ease of analysis.

Table 4.4: Data classification of regularly purchased products

Dogs						Cats	
1			2	3	4	5	6
Puppy	Adult	Mature and Senior	Daily	Breed Specific	Veterinary Diets	Food Dry	Veterinary diets
Small Breed	Small Breed	Small Breed	Sensitive Digestion	Dachshund	Restricted Calorie	Kitten	Dermatosis
Medium Breed	Medium Breed	Medium Breed	Sensitive Joints	Jack Russel	Intestinal Health	Chicken & Liver	Intestinal
Large Breed	Large Breed	Large Breed	9+	Labrador	Dermatosis	Lamb Liver	Restricted Calorie
Biscuits	Biscuits	Biscuits	Sensitive Skin	Rottweiler	Joint Mobility	Hairball	Struvite
	Weight Control	All Breed Lamb	Overweight/ Sterilised	Yorkshire Terrier	Weight/ Diabetic		Oxalate
	Lamb & Rice			German Sheperd	Renal		Renal
	Working & Endurance				High Calorie		High Calorie

All the products that are regularly purchased, satisfying the basic dietary requirements of canines, was classified in the first grouping. Special dietary requirements of canines were subdivided into groups 2 and 3, with group 4 specifically allocated to Veterinary Diets. The classification will help to identify how many pets have special needs and require special diets on a regular basis.

Products suitable for felines purchased on a regular basis could be subdivided into two groups. The products that form part of group 5, satisfy basic dietary requirements, with products forming part of group 6 forming part of the Veterinary Diets. The frequency distribution relating to the products purchased regularly can be seen in table 4.5, followed by a brief discussion.

Table 4.5: Frequency distribution

	Members	Breeders
Group 1	59,26%	75,38%
Group 2	7,87%	5,03%
Group 3	8,80%	3,52%
Group 4	17,13%	6,53%
Group 5	4,17%	7,04%
Group 6	1,85%	0
Others	0,90%	2,51%

#### 4.5.1.7 Members

From the responses gathered, it is clear that the majority of the Loyalty Programme members purchase products from Group 1 more frequently, with a response rate of 59.26%. The products included in Group 1 include the puppy, adult and mature/senior categories. Group 4 consisting of Veterinary Diets scored the second highest, indicating that 17.13% of the Loyalty Programme members who responded, purchase veterinary prescribed products regularly.

#### 4.5.1.8 Breeders

Three quarters of the Breeders' club member respondents purchase Group 1 products more frequently than any other product category. It is therefore clear that 75.38% of the

breeders purchase puppy, adult and mature/senior products regularly. Group 5 scored the second highest with 7.04% of breeders purchasing cat food regularly and could be as a result of feline breeder purchases.

#### **4.5.2 Summary**

It is clear that both Loyalty Programme members and Breeders' club members purchase puppy, adult and mature/senior products (Group 1) more frequently than any other product range. This should be taken into consideration in the practical application of the study in managing the Eukanuba brand.

### **4.6 STATISTICAL ANALYSIS**

#### **4.6.1 Factor analysis**

##### *4.6.1.1 KMO and Bartlett's Test*

The Kaiser-Meyer-Olkin test offers a range of between 0 (factor analysis is inadequate) and 1 (factor analysis will give clearly identifiable factors) giving a clear direction of how useful and dependable a factor analysis will be (Field, 2005:640). Kaiser also provided acceptable and unacceptable scores of the KMO test. A poor score is 0.5, with scores between 0.5 and 0.7 seen as average, scores between 0.7 and 0.8 is seen as good, scores between 0.8 and 0.9 is very good with scores above 0.9 seen as excellent (cited by Field, 2010:640).

The Bartlett's test of sphericity is an indication of sphericity, measuring if the variance-covariance matrix is relational to an identity matrix (Field, 2005:597). A 0.000 level of significance indicates that the variables are suitable for factor analysis, with the maximum level at 0.0001. Table 4.6 below summarises the results of the KMO and Bartlett's test that was conducted on the data obtained.

Table 4.6: KMO and Bartlett's Test

KMO and Bartlett's Test			
		MEMBERS	BREEDERS
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0,87	0,88
Bartlett's Test of Sphericity	Approx. Chi-Square	3819,96	3812,61
	df	703,00	703,00
	Sig.	0,00	0,00

The analysis of the results, after consideration of what each test should measure, indicate that the KMO measure is very good as it is above 0.80, indicating that a factor analysis will result in clearly identifiable and measurable factors. The Bartlett's test of Sphericity is also good at a significance level of 0.00, indicating that there are clearly identifiable factors.

#### 4.6.1.2 Variance explained

Kaiser (cited by Field, 2005:633) indicates that eigenvalues more than one explains a greater variation between factors, helping in differentiating between factors. The eigenvalues that are more than one forms the basis for the selection of factors that can be identified within the study. The analysis of the eigenvalues follows.

##### 4.6.1.2.1 Members

The eigenvalues for the Loyalty Programme members that adhered to the minimal rating of one are therefore nine factors, and are depicted in Table 4.7.

Table 4.7: Loyalty Programme members – Variance explained

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10,22	26,91	26,91	5,29	13,93	13,93
2	3,96	10,41	37,32	3,84	10,10	24,03
3	2,73	7,18	44,50	3,22	8,46	32,50
4	2,03	5,35	49,85	2,87	7,55	40,05
5	1,41	3,72	53,57	2,27	5,96	46,01
6	1,40	3,69	57,26	2,17	5,71	51,72
7	1,33	3,49	60,75	2,09	5,49	57,22
8	1,16	3,06	63,81	2,03	5,35	62,57
9	1,07	2,81	66,61	1,54	4,04	66,61

The nine factors that could be extracted from the data obtained, can explain 66.61% of the cumulative variance. This is in line with the minimum requirement of 60%.

#### 4.6.1.2.2 Breeders

The data analysis of the data obtained from Breeders' club members with further analysis of the eigenvalues resulting in seven underlying factors. The same requirement of 60% was utilised in analysing the cumulative variance. The factors and the cumulative variance are set out in Table 4.8

Table 4.8: Breeders' – Variance explained

Component	Initial Eigenvalues			Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11,47	30,17	30,17	4,98	13,09	13,09
2	4,51	11,86	42,03	4,67	12,30	25,39
3	2,18	5,75	47,78	4,20	11,06	36,45
4	1,91	5,04	52,82	3,86	10,15	46,59
5	1,55	4,07	56,89	3,18	8,37	54,96
6	1,43	3,76	60,64	1,97	5,19	60,15
7	1,11	2,93	63,57	1,30	3,42	63,57

The cumulative variance for the breeders is also favourable as it exceeds the 60% benchmark, scoring 63.57%.

#### 4.6.1.3 Rotated Factor Matrix

The Varimax rotational method was utilised in the interpretation of the results, as it tries to maximise the distribution of loadings between factors (Field, 2005:636). The Varimax method forms part of the orthogonal rotation classification, as it rotates the factors independently, ensuring factors remain uncorrelated (Field, 2005:635). The Varimax rotational method was set to have a minimal factor loading of 0.30. To assist in easy analysis, the values less than 0.30 has not been included in the table. The factor loadings range from minus one to plus one, indicating the direct positive or negative correlation (Fields, 2012:23). If a factor has a negative loading, it indicates the inverse impact on the factor.

#### 4.6.1.3.1 Loyalty Programme members

Table 4.6 shows the results of the factor analysis conducted on the Loyalty Programme members, using the Principal Component Analysis with the Varimax Rotation utilising the Kaiser Normalisation.

Table 4.9: Rotated Factor Matrix Loyalty Members

	Rotated Component Matrix <sup>a</sup>								
	1	2	3	4	5	6	7	8	9
Question42	,771								
Question30	,696								
Question41	,686								
Question38	,659								
Question31	,636								
Question44	,635								
Question27	,568								
Question25	,514								
Question43	,505								
Question17		,831							
Question16		,795							
Question18		,733							
Question19		,600							
Question24		,575							
Question20			,835						
Question37			,806						
Question21			,748						
Question22			,692						
Question15			,663						
Question46				,809					
Question45				,803					
Question48				,782					
Question47				,594					
Question29					,742				
Question32					,508				
Question23					-,444				
Question28					,391				
Question36						-,861			
Question34						,825			
Question35						,648			
Question40							,774		
Question33							-,564		
Question39							,425		
Question11								-,798	
Question26								,610	
Question14								,517	
Question12									,811
Question13									,679

### **Factor 1: Brand Relevance**

Factor 1 is a significant factor in the measurement of brand loyalty, as it relates to the perception, connection and communication that the Loyalty Programme member receives pertaining to the brand. There are nine items loading onto Factor 1, with Factor 1 explaining a favourable variance of 13.93%. The new Factor 1, Brand Relevance, include all four of the initial questionnaire items, with five additional items loading onto this factor.

### **Factor 2: Brand Trust**

Factor 2 relates to the concept of brand trust with five items loading onto this factor. There are therefore five remaining items loading onto Factor 2. Although the initial questionnaire also aimed to measure brand trust, Factor 2 includes different aspects aimed at unfolding the concept of brand trust within the specific setting of the study. Factor 2 explains a favourable variance of 10.10%.

### **Factor 3: Involvement**

Factor 3 has five items loading onto this factor. Factor 3 includes three initial concepts measured, but now also include the questions “I remain loyal to the Eukanuba brand as I do not want to lose the Loyalty Programme benefits, such as promotions, discount vouchers and interesting articles” and “the Loyalty Programme is the reason I repeat Eukanuba pet food purchases”. Factor 3 explains a favourable variance of 8.46%.

### **Factor 4: Family and Culture**

Factor 4, relating to measures of family and cultural influences, have remained exactly the same as seen in the distributed questionnaire. There are four items loading onto this item and explains 7.55% of the variance. This is the only factor that has remained the same, with the initial questions.

### **Factor 5: Commitment**

Factor 5 relates to commitment, with four items loading onto this factor. Three of these factors initially formed part of other concepts. These include the questions 'I believe that I am a loyal Eukanuba client' and 'I do not purchase/sample other pet food brands if Eukanuba is unavailable' and 'I remain committed to Eukanuba even when it becomes hard to do so'. Question 23 which reads 'my choice of pet food brand is influenced by others' has been added to Factor 5 (which has an inverse effect due to the negative figure). Factor 5 explains a favourable variance of 5.96%.

### **Factor 6: Repeat Purchase**

Factor 6 relates to the concept of repeat purchase. Three items loaded onto this factor. These three factors also formed part of the initial concept tested, although the items measuring this construct have reduced from five to three. Factor 6 explains a favourable variance of 5.71%. The question "I always buy the same Eukanuba pet food and seldom try something else" is an inverse measure, as it has a negative figure.

### **Factor 7: Brand Affect**

Factor 7 relates to the concept of brand affect, as it sets out to measure the effect that purchasing the brand has on a customer/Loyalty Programme member. There are three items loading onto this factor and explains a positive variance of 5.49%. The question "my loyalty towards Eukanuba pet food is purely a habit" is an inverse measure, as it has a negative figure. Question 39 which reads 'Eukanuba products make a difference in my pet's life' is dually loaded onto Factor 7 and Factor 8.

### **Factor 8: Switching Cost/Perceived Value**

Factor 8 includes both concepts from the original measuring instrument's constructs switching cost/risk aversion and perceived value. These two concepts have now

therefore been merged into one comprehensive description, switching cost/perceived value. The question “I might switch pet food brands because of the high cost involved” is an inverse measure, as it has a negative figure. Factor 8 explains 5.35% of the variance.

### **Factor 9: Risk Aversion**

Factor 9 relates to risk aversion, measuring how sensitive the customer is to possible risk relating to the product. There are only two items linked to risk aversion and explains 4.04% of the variance. The distributed questionnaire combined items relating to Switching Cost and Risk Aversion into one measure.

Factor 9, Risk Aversion, is therefore a result of an adaptation of the concept into a new factor. The questions included into Factor 9 include Question 12 ‘I do not switch pet food brands because of the effort it takes to switch’ and Question 13 ‘I avoid switching pet food brands due to the risks involved’.

The factor analysis has resulted in the successful identification of nine factors relating to the brand loyalty of Loyalty Programme members. Further investigation of negative items has led to the conclusion that these could be amended to measure the inverse effect.

#### **4.6.1.3.2 Breeders’ club members**

Table 4.10 shows the results of the factor analysis conducted on the Breeders’ club members, using the Principal Component Analysis with the Varimax Rotation utilising the Kaiser Normalisation.

Table 4.10: Rotated Factor Matrix Breeders

	Rotated Component Matrix <sup>a</sup>						
	Component						
	1	2	3	4	5	6	7
Question42	,799						
Question44	,779						
Question43	,702						
Question41	,673						
Question38	,585						
Question30	,581						
Question31	,556						
Question11		,721					
Question14		,633					
Question13		,592					
Question26		,573					
Question19		,570					
Question29		,569					
Question28		,533					
Question32		,509					
Question23		,458					
Question20			,838				
Question37			,799				
Question21			,793				
Question15			,766				
Question22			,723				
Question27			,388				
Question25			,369				
Question17				,782			
Question18				,722			
Question39				,665			
Question16				,578			
Question24				,567			
Question33				,535			
Question46					,866		
Question45					,800		
Question47					,770		
Question48					,693		
Question36						,690	
Question34						,641	
Question35						,485	
Question40							,556
Question12							,550

### **Factor 1: Brand Relevance**

Factor 1 is a significant factor in the measurement of brand loyalty among Breeders's, as it relates to the perception of the assurance and relevance of the brand and benefits received by Breeders's. There are seven items loading onto Factor 1, with Factor 1 explaining a favourable variance of 13.09%. Factor 1 includes all four the initial items relating to Brand Relevance, with the addition of three items loading onto this factor. The three questions included in the factor include Question 38 'buying the Eukanuba brand leaves me with a positive feeling', Question 30 'I identify with the brand and feel as if I am part of the Eukanuba community' and Question 31 'The more committed I am to Eukanuba, the more loyal I become'.

### **Factor 2: Commitment**

Factor 2 relates to the concept of commitment with nine items loading onto this factor. Three items form part of the initial factor measurement, but the other items formed part of a range of other factors, including Switching Cost/Risk Aversion, Perceived Value and Brand Trust. The three items that remains part of the concept Commitment include Question 28 'I believe I am a loyal Eukanuba client', Question 29 'I do not purchase/sample other pet food brands if Eukanuba is unavailable' and Question 32 'I remain committed to Eukanuba even when it becomes hard to do so'. Although the added questions have its origins as part of other factors, all the questions relate to the concept of commitment. Factor 2 explains a favourable variance of 12.30%.

### **Factor 3: Involvement**

Factor 3 has seven items loading onto this factor, three of which formed part of the initial questionnaire distributed. The questioned that remained the same includes question 20 'The benefits that I get from the Eukanuba Loyalty Programme is the reason I remain loyal', question 21 'the Eukanuba Loyalty Programme and other promotions keep me interested' and question 22 'I would consider other pet food brands

if it was not for the Loyalty Programme. Factor 3 explains a favourable variance of 11.06%.

#### **Factor 4: Brand Trust**

Factor 4, relating to measures of brand trust have six items loading onto this item and explains 10.15% of the variance. Factor 4 has three of the initial questionnaire items measuring Brand Trust loading onto this factor. The three questions include question 16 'I am loyal because I trust the Eukanuba brand', question 17 'I have confidence in the Eukanuba pet food' and question 18 'Eukanuba pet food is consistently of high quality'.

#### **Factor 5: Family/Culture**

Factor 5, relating to measures of family and cultural influences, have remained exactly the same as seen in the distributed questionnaire. There are four items loading onto this item and explains 8.37% of the variance. This is the only factor that has remained the same, both from seen in the Loyalty Programme and Breeders' results.

#### **Factor 6: Repeat Purchase**

Factor 6 has three items loading onto this factor and explains 5.19% of the variance. Factor 6 relates to items which aim to measure the customer behaviour relating to purchases. All three the items loading onto this factor, formed part of the construct Repeat Purchase in the measuring instrument distributed to Breeders's. These items include Question 34 'I do not necessarily purchase the same Eukanuba pet food all the time', Question 35 'I always sample new Eukanuba products as soon as they are on the shelf' and Question 36 'I always buy the same Eukanuba pet food and seldom try something else'.

## Factor 7: Brand Affect

Factor 7 has two items loading onto the concept of Brand Affect, relating to the effect that purchasing the brand has on a breeder. From the two items loading onto Factor 7, only one item, question 40, formed part of the initial questionnaire. The two questions that form part of Factor 7 includes question 40 'I am upset when the Eukanuba pet food I purchase is out of stock' and question 12 'I might switch pet food brands because of the high cost involved'. Factor 7 explains 3.42% of the variance.

The factor analysis has resulted in the successful identification of seven factors relating to the brand loyalty of Breeders' club members. Further investigation of negative items has led to the conclusion that these actually measure the inverse effect.

The measuring instrument can be categorised according to the factors identified during the Principal Component Analysis, as seen in the following diagrammatic representation.

Table 4.11: Categories of the Loyalty Programme members according to the Principal Component Analysis

Dimension	Code	Question	Q
Brand Relevance	BRV01	Eukanuba has fresh ideas and portrays a positive contribution in general	42
	BRV02	I identify with the brand and feel as if I am part of the Eukanuba community	30
	BRV03	Eukanuba stands for issues that actually matter	41
	BRV04	Buying the Eukanuba brand leaves me with a positive feeling	38
	BRV05	The more committed I am to Eukanuba, the more loyal I become	31
	BRV06	Eukanuba pet food products are constantly updating and improving	44
	BRV07	The Eukanuba brand that I am loyal to, enhances the way I see myself socially	27

	BRV08	I have a connection with the Eukanuba brand	25
	BRV09	I know that Eukanuba pet food is relevant as it is sold through my vet	43
Brand Trust	BTS01	I have confidence in Eukanuba pet food	17
	BTS02	I am loyal because I trust the Eukanuba brand	16
	BTS03	Eukanuba pet food is consistently of high quality	18
	BTS04	I remain loyal to Eukanuba because of their reputation	19
	BTS05	My Eukanuba pet food brand loyalty is based on product quality and expected performance	24
Involvement	INV01	The benefits that I get from the Eukanuba Loyalty Programme is the reason I remain loyal	20
	INV02	The Loyalty Programme is the reason I repeat Eukanuba pet food purchases	37
	INV03	The Eukanuba Loyalty Programme and other promotions keep me interested	21
	INV04	I would consider other pet food brands if it was not for the Loyalty Programme	22
	INV05	I remain loyal to the Eukanuba brand as I do not want to lose the Loyalty Programme benefits, such as promotions, discount vouchers and interesting articles	15
Family/Culture	CUL 01	My loyalty towards Eukanuba pet food is influenced by my family	46
	CUL02	My choice of Eukanuba pet food is influences by other members in my race group	45
	CUL03	The fact that my family use Eukanuba products encourages me to trust the brand	48
	CUL04	Religion plays a role in my choice and loyalty towards Eukanuba products	47
Commitment	COM01	I do not purchase/ sample other pet food brands if Eukanuba is unavailable	29
	COM02	I remain committed to Eukanuba even when it becomes hard to do so	32
	COM03	My choice of a pet food brand is influenced by others	23
	COM04	I believe that I am a loyal Eukanuba client	28
Repeat Purchase	RPS01	I always buy the same Eukanuba pet food and seldom try something else	36
	RPS02	I do not necessarily purchase the same Eukanuba pet food all the time	34

	RPS03	I always sample new Eukanuba products as soon as they are on the shelf	35
Brand Affect	BAF01	I am upset when the Eukanuba pet food I purchase is out of stock	40
	BAF02	My loyalty towards Eukanuba pet food is purely a habit	33
	BAF03	Eukanuba products make a difference in my pet's life	39
Switching Cost/Perceived Value	SCP01	I might switch pet food brands because of the high cost involved	11
	SCP02	I believe Eukanuba pet food is worth the price I pay	26
	SCP03	I stick to Eukanuba because high quality pet food is value for money	14
Risk Aversion	RAV01	I do not switch pet food brand because of the effort it takes to switch	12
	RAV02	I avoid switching pet food brands due to the risks involved	13

Table 4.12: Categories of the Breeders' club members according to the Principal Component Analysis

Dimension	Code	Question	Q
Brand relevance	BRV01	Eukanuba has fresh ideas and portrays a positive contribution in general	42
	BRV02	Eukanuba pet food products are constantly updating and improving	44
	BRV03	I know that Eukanuba pet food is relevant as it is sold through my vet	43
	BRV04	Eukanuba stands for issues that actually matter	41
	BRV05	Buying the Eukanuba brand leaves me with a positive feeling	38
	BRV06	I identify with the brand and feel as if I am part of the Eukanuba community	30
	BRV07	The more committed I am to Eukanuba, the more loyal I become	31
Commitment	COM01	I might switch pet food brands because of the high cost involved	11
	COM02	I stick to Eukanuba because high quality pet food is value for money	14

	COM03	I do not switch pet food brand because of the effort it takes to switch	13
	COM04	I believe Eukanuba pet food is worth the price I pay	26
	COM05	I remain loyal to Eukanuba because of their reputation	19
	COM06	I do not purchase/ sample other pet food brands if Eukanuba is unavailable	29
	COM07	I believe that I am a loyal Eukanuba client	28
	COM08	I remain committed to Eukanuba even when it becomes hard to do so	32
	COM09	My choice of a pet food brand is influenced by others	23
Involvement	INV01	The benefits that I get from the Eukanuba Loyalty Programme is the reason I remain loyal	20
	INV02	The Loyalty Programme is the reason I repeat Eukanuba pet food purchases	37
	INV03	The Eukanuba Loyalty Programme and other promotions keep me interested	21
	INV04	I remain loyal to the Eukanuba brand as I do not want to lose the Loyalty Programme benefits, such as promotions, discount vouchers and interesting articles	15
	INV05	I would consider other pet food brands if it was not for the Loyalty Programme	22
	INV06	The Eukanuba brand that I am loyal to, enhances the way I see myself socially	27
	INV07	I have a connection with the Eukanuba brand	25
Brand trust	BTS01	I have confidence in Eukanuba pet food	17
	BTS02	Eukanuba pet food is consistently of high quality	18
	BTS03	Eukanuba products make a difference in my pet's life	39
	BTS04	I am loyal because I trust the Eukanuba brand	16
	BTS05	My Eukanuba pet food brand loyalty is based on product quality and expected performance	24
	BTS06	My loyalty towards Eukanuba pet food is purely a habit	33

Family/Culture	CUL01	My loyalty towards Eukanuba pet food is influenced by my family	46
	CUL02	My choice of Eukanuba pet food is influenced by other members in my race group	45
	CUL03	Religion plays a role in my choice and loyalty towards Eukanuba products	47
	CUL04	The fact that my family use Eukanuba products encourages me to trust the brand	48
Repeat purchase	RPS01	I always buy the same Eukanuba pet food and seldom try something else	36
	RPS02	I do not necessarily purchase the same Eukanuba pet food all the time	34
	RPS03	I always sample new Eukanuba products as soon as they are on the shelf	35
Brand Affect	BAF01	I am upset when the Eukanuba pet food I purchase is out of stock	40
	BAF02	I do not switch pet food brand because of the effort it takes to switch	12

#### 4.6.2 Cronbach Alpha

Cronbach Alpha is a measure of internal reliability, measuring if the same study will repeatedly deliver similar results reflecting the reliability of the scale (Pearson, 2010:47; Field, 2005:666). The Cronbach Alpha coefficient, indicated with the symbol  $\alpha$  was utilised to determine how reliable the data is. The Cronbach Alpha coefficients can be interpreted as follows:

Table 4.13: Alpha Coefficient Interpretation

Alpha Coefficient	Interpretation
$\alpha > 0.9$	Excellent
$0.9 > \alpha > 0.8$	Good
$0.8 > \alpha > 0.7$	Acceptable
$0.5 > \alpha > 0.6$	Questionable
$\alpha < 0.5$	Unacceptable

Source: George & Mallery (cited by Du Plooy, 2012:69; Salim, 2011:45)

The table below indicates the resultant Cronbach Alpha coefficient for each factor. The Cronbach Alpha Coefficient was calculated for both the Loyalty Programme members and the Breeders' club members.

Table 4.14: Cronbach Alpha coefficient

Factor	Group	Cronbach's Alpha	N of items
Brand Relevance	Members	0,86	9
	Breeders	0,87	9
Brand Trust	Members	0,86	5
	Breeders	0,87	5
Involvement	Members	0,83	5
	Breeders	0,86	5
Family/Culture	Members	0,78	4
	Breeders	0,80	4
Repeat Purchase	Members	0,74	3
	Breeders	<b>0,47</b>	3
Brand Affect	Members	<b>0,63</b>	3
	Breeders	<b>0,49</b>	3
Commitment	Members	<b>0,69</b>	4
	Breeders	<b>0,66</b>	4
Switching Cost/Perceived Value	Members	0,76	3
	Breeders	xxx	
Risk Aversion	Members	<b>0,54</b>	2
	Breeders	xxx	

xxx Values not available

From the table it is clear that the factors Brand Relevance, Brand Trust and Involvement has an alpha more than 0.80 for the Loyalty Programme members and Breeders', indicating these factors are a good and reliable measure of brand loyalty.

The factors Family/Culture and Switching Cost/Perceived Value scores more than 0.70 but less than 0.80 for the Loyalty Programme members and Breeders'. This indicates that these two factors are an acceptable and reliable measure of brand loyalty. The score for the factor Repeat Purchase of the Loyalty Programme members are more than 0.70 which makes it an acceptable measure of reliability, with the score of the Breeders' less than 0.50, making it an unacceptable measure of brand loyalty.

The factors Commitment, Brand Affect and Risk Aversion have scores below 0.70 for the Loyalty Programme members and Breeders'. These two factors scored between 0.50 and 0.60 for the Loyalty Programme members, resulting in questionable reliability. The factors Brand Affect and Risk Aversion scored below 0.50 for the Breeders', making these two factors unacceptable measures of reliability. The factors Commitment, Brand Affect and Risk Aversion are less than the minimal requirement of 0.70 for both the Loyalty Programme members and Breeders'. These factors will still be included as factors, bearing this constraint in mind.

**4.6.3 Research variables importance**

A five-point Likert Scale was used as the measuring instrument of the nine influences proposed in the study. The scale was operationalised as follows:

Table 4.15: Likert scale rating

Likert Scale	Rating
Agree Completely	1
Agree	2
Neither Agree or Disagree	3
Disagree	4
Disagree Completely	5

The rating obtained from the five point Likert scale, was then calculated as a percentage for ease of interpretation. The framework for analysis constructed by Bisschoff and Lotriet (2009:207) was utilised in the research, with the framework set out in the graph below:

Table 4.16: Mean percentage interpretation

Percentage	Interpretation
< 60%	Lower Importance  Dissatisfaction  Immediate Action Required
60% – 75%	Important  Satisfaction  Develop to become excellent
> 75%	Very important  Very satisfied/ excellent  Maintain to stay on top

**4.7 LOYALTY PROGRAMME MEMBERS**

**4.7.1 Brand Relevance**

The mean scores for the questions relating to brand relevance can be seen below, indicating what the importance of each question is, but also of the entire factor, in measuring brand loyalty among Loyalty Programme members.

Table 4.17: Mean scores of Brand Relevance

MEAN SCORES OF BRAND RELEVANCE		
CODE	QUESTION	MEAN
BRV01	Eukanuba has fresh ideas and portrays a positive contribution in general	72,85%
BRV02	I identify with the brand and feel as if I am part of the Eukanuba community	66,11%
BRV03	Eukanuba stands for issues that actually matter	71,30%
BRV04	Buying the Eukanuba brand leaves me with a positive feeling	72,02%
BRV05	The more committed I am to Eukanuba, the more loyal I become	63,42%
BRV06	Eukanuba pet food products are constantly updating and improving	72,95%
BRV07	The Eukanuba brand that I am loyal to, enhances the way I see myself socially	42,90%
BRV08	I have a connection with the Eukanuba brand	60,52%
BRV09	I know that Eukanuba pet food is relevant as it is sold through my vet	78,55%
MEAN AVERAGE FOR BRAND RELEVANCE		66.74%

There is only one item with a mean percentage more than 75; this is the item BRV09, with a score of 78.55%. This indicates that the item is a successful measure of the construct brand relevance. The items BRV01, BRV02, BRV03, BRV04, BRV05, BRV06 and BRV08 fall within the 60%-75% category, indicating that these items are important in measuring the factor brand relevance among Loyalty Programme members. Only one item, BRV07 fell below the 60% scale set and requires special managerial attention to ensure improvement. The mean average for Brand Relevance is 66.74%, an important factor in analysing brand loyalty which can be further developed.

#### 4.7.2 Brand Trust

The mean scores for the questions relating to brand trust can be seen below, indicating what the importance of each question is, but also of the entire factor, in measuring brand loyalty among Loyalty Programme members.

Table 4.18: Mean scores of Brand Trust

MEAN SCORES OF BRAND TRUST		
CODE	QUESTION	MEAN
BTS01	I have confidence in Eukanuba pet food	86,11%
BTS02	I am loyal because I trust the Eukanuba brand	83,73%
BTS03	Eukanuba pet food is consistently of high quality	85,18%
BTS04	I remain loyal to Eukanuba because of their reputation	78,55%
BTS05	My Eukanuba pet food brand loyalty is based on product quality and expected performance	83,83%
MEAN AVERAGE FOR BRAND TRUST		83.48%

All the items relating to Brand Trust have mean percentage ratings above 75%. The mean average for brand trust is 83.48%, indicating that Brand Trust is a very important factor in measuring brand loyalty among Loyalty Programme members and should be maintained to preserve its position.

#### 4.7.3 Involvement

The mean scores for the questions relating to involvement can be seen below, indicating what the importance of each question is, but also of the entire factor, in measuring brand loyalty among Loyalty Programme members.

Table 4.19: Mean scores of Involvement

MEAN SCORES OF INVOLVEMENT		
CODE	QUESTION	MEAN
INV01	The benefits that I get from the Eukanuba Loyalty Programme is the reason I remain loyal	57,72%
INV02	The Loyalty Programme is the reason I repeat Eukanuba pet food purchases	51,61%
INV03	The Eukanuba Loyalty Programme and other promotions keep me interested	66,84%
INV04	I would consider other pet food brands if it was not for the Loyalty Programme	47,56%
INV05	I remain loyal to the Eukanuba brand as I do not want to lose the Loyalty Programme benefits, such as promotions, discount vouchers and interesting articles	59,27%
MEAN AVERAGE FOR INVOLVEMENT		56.60%

Only one item, BRV03, scores above 60%. Items BRV 01, BRV02, BRV04 and BRV05 require special attention and managerial intervention for improvement. The mean average for involvement is 56.60%. This indicates that the factor involvement as a whole requires attention as it falls below 60%.

#### 4.7.4 Family/Culture

The mean scores for the questions relating to Family/Culture can be seen below, indicating what the importance of each question is, but also of the entire factor, in measuring brand loyalty among Loyalty Programme members.

Table 4.20: Mean scores of Family/Culture

MEAN SCORES OF FAMILY/CULTURE		
CODE	QUESTION	MEAN
CUL 01	My loyalty towards Eukanuba pet food is influenced by my family	38,65%
CUL02	My choice of Eukanuba pet food is influences by other members in my race group	36,99%
CUL03	The fact that my family use Eukanuba products encourages me to trust the brand	42,59%
CUL04	Religion plays a role in my choice and loyalty towards Eukanuba products	31,40%
MEAN AVERAGE FOR FAMILY/CULTURE		37.41%

Although all four the measures of Family and Culture has remained the same as in the distributed questionnaire, the percentages for Family and Culture fall below 60%. The mean average for Family and Culture is 37.41% indicating that these items require special attention from the managerial team.

#### 4.7.5 Commitment

The mean scores for the questions relating to Commitment can be seen below, indicating what the importance of each question is, but also of the entire factor, in measuring brand loyalty among Loyalty Programme members.

Table 4.21: Mean scores of Commitment

MEAN SCORES OF COMMITMENT		
CODE	QUESTION	MEAN
COM01	I do not purchase/ sample other pet food brands if Eukanuba is unavailable	68,19%
COM02	I remain committed to Eukanuba even when it becomes hard to do so	66,53%
COM03	My choice of a pet food brand is influenced by others	49,33%
COM04	I believe that I am a loyal Eukanuba client	80,00%
MEAN AVERAGE FOR COMMITMENT		66.01%

The item COM04 are above the 75% measure with an 80% score, indicating that it is an important measure of commitment relating to brand loyalty of Loyalty Programme members. The two items COM01 and COM02 are satisfactory, although they require further refinement and attention. COM03 falls below the 60% benchmark and will therefore need to be developed further to become acceptable measures of brand loyalty. The mean average for commitment is 66.01%, indicating that is an acceptable measure of brand loyalty, although the factor can be developed to become exceptional.

**4.7.6 Repeat Purchase**

The mean scores for the questions relating to Repeat Purchase can be seen below, indicating what the importance of each question is, but also of the entire factor, in measuring brand loyalty among Loyalty Programme members.

Table 4.22: Mean scores of Repeat Purchase

MEAN SCORES OF REPEAT PURCHASE		
CODE	QUESTION	MEAN
RPS01	I always buy the same Eukanuba pet food and seldom try something else	72,95%
RPS02	I do not necessarily purchase the same Eukanuba pet food all the time	44,97%
RPS03	I always sample new Eukanuba products as soon as they are on the shelf	47,88%
MEAN AVERAGE FOR REPEAT PURCHASE		55.27%

The item, RPS01, is a good measure of Repeat Purchase as part of brand loyalty, as it has a mean of 72.95%, which is in line with the requirements set to be acceptable. RPS02 and RPS03 have a mean percentage of 44.97% and 47.88% respectively. The mean average for Repeat Purchase is 55.27%, indicating that the measure is not satisfactory and requires further analysis and refinement for improvement.

#### 4.7.7 Brand Affect

The mean scores for the questions relating to Brand Affect can be seen below, indicating what the importance of each question is, but also of the entire factor, in measuring brand loyalty among Loyalty Programme members.

Table 4.23: Mean scores of Brand Affect

MEAN SCORES OF BRAND AFFECT		
CODE	QUESTION	MEAN
BAF01	I am upset when the Eukanuba pet food I purchase is out of stock	79,17%
BAF02	My loyalty towards Eukanuba pet food is purely a habit	51,19%
BAF03	Eukanuba products make a difference in my pet's life	82,49%
MEAN AVERAGE FOR BRAND AFFECT		70.95%

The items BAF01 and BAF03 both scores in excess of 75 (79.17% and 82.49% respectively) indicating that these two items are sufficient in the measure of Brand Affect in brand loyalty of Loyalty Programme members. The item BAF02 has a 51.29% score, indicating it is an insufficient measure and still needs attention. The mean average for Brand Affect is 70.95%, this is therefore an acceptable measure of brand loyalty and should be maintained to ensure excellence.

#### **4.7.8 Switching Cost/ Perceived Value**

The mean scores for the questions relating to Switching Cost/Perceived Value can be seen below, indicating what the importance of each question is, but also of the entire factor, in measuring brand loyalty among Loyalty Programme members.

Table 4.24: Mean scores of Switching Cost/ Perceived Value

MEAN SCORES OF SWITCHING COST/PERCEIVED VALUE		
CODE	QUESTION	MEAN
SCP01	I might switch pet food brands because of the high cost involved	58,34%
SCP02	I believe Eukanuba pet food is worth the price I pay	70,98%
SCP03	I stick to Eukanuba because high quality pet food is value for money	79,07%
MEAN AVERAGE FOR SWITCHING COST/PERCEIVED VALUE		69.46%

The item SCP02 scored 79.07% indicating that it is a good measure of brand loyalty forming part of the factor Switching Cost/Perceived Value. The item SCP02 scored a percentage of 70.98%, indicating that the item is a good measure of brand loyalty but still needs attention. The item SCP01 has a mean score of 58.34% which indicates that the item is lacking in the measure of brand loyalty. The mean average for switching cost is 69.46%, an acceptable measure of brand loyalty.

#### 4.7.9 Risk Aversion

The mean scores for the questions relating to Risk Aversion can be seen below, indicating what the importance of each question is, but also of the entire factor, in measuring brand loyalty among Loyalty Programme members.

Table 4.25: Mean scores of Risk Aversion

MEAN SCORES OF RISK AVERSION		
CODE	QUESTION	MEAN
RAV01	I do not switch pet food brand because of the effort it takes to switch	44,15%
RAV02	I avoid switching pet food brands due to the risks involved	63,11%
MEAN AVERAGE FOR RISK AVERSION		53.63%

There are two items forming part of the factor Risk Aversion. Item RAV01 is unsatisfactory in measuring brand loyalty and requires further attention, whereas RAV02 is satisfactory although it still needs to be developed to achieve excellence. The mean average for Risk Aversion is 53.63%, which is below an acceptable percentile. This indicates that immediate action needs to be taken by management to improve the factor Risk Aversion.

## 4.8 BREEDERS' CLUB MEMBERS

### 4.8.1 Brand Relevance

The mean scores for the questions relating to Brand Relevance can be seen below, indicating what the importance of each question is, but also of the entire factor, in measuring brand loyalty among breeders.

Table 4.26: Mean scores of Brand Relevance

MEAN SCORES OF BRAND RELEVANCE		
CODE	QUESTION	MEAN
BRV01	Eukanuba has fresh ideas and portrays a positive contribution in general	70,94%
BRV02	Eukanuba pet food products are constantly updating and improving	73,65%
BRV03	I know that Eukanuba pet food is relevant as it is sold through my vet	69,41%
BRV04	Eukanuba stands for issues that actually matter	72,59%
BRV05	Buying the Eukanuba brand leaves me with a positive feeling	71,06%
BRV06	I identify with the brand and feel as if I am part of the Eukanuba community	64,82%
BRV07	The more committed I am to Eukanuba, the more loyal I become	63,18%
MEAN AVERAGE FOR BRAND RELEVANCE		69,38%

There are seven items loading onto the factor of Brand Relevance consisting of BRV01 (70.94%), BRV02 (73.65%), BRV03 (69.41%), BRV04 (72.59%), BRV05 (71.06%), BRV06 (64.82%) and BRV07 (63.18%). All of the seven items rated more than 60%, indicating that Brand Relevance is a good measure of brand loyalty among breeders. Further development of Brand Relevance is therefore required.

#### 4.8.2 Commitment

The mean scores for the questions relating to Commitment can be seen below, indicating what the importance of each question is, but also of the entire factor, in measuring brand loyalty among breeders.

Table 4.27: Mean scores of Commitment

MEAN SCORES OF COMMITMENT		
CODE	QUESTION	MEAN
COM01	I might switch pet food brands because of the high cost involved	60,59%
COM02	I stick to Eukanuba because high quality pet food is value for money	76,35%
COM03	I avoid switching pet food brands due to the risks involved	59,06%
COM04	I believe Eukanuba pet food is worth the price I pay	69,88%
COM05	I remain loyal to Eukanuba because of their reputation	76,24%
COM06	I do not purchase/ sample other pet food brands if Eukanuba is unavailable	64,35%
COM07	I believe that I am a loyal Eukanuba client	80,12%
COM08	I remain committed to Eukanuba even when it becomes hard to do so	64,71%
COM09	My choice of a pet food brand is influenced by others	77,06%
MEAN AVERAGE FOR COMMITMENT		69,82%

The mean scores for COM02 (76.35%), COM05 (76.24%), COM07 (80.12%) and COM09 (77.06%) is more than the 75% required to be proficient in the measure of brand loyalty, indicating it is at a pleasing level and indicates satisfaction. The items COM01 (60.59%), COM04 (69.88%), COM06 (64.35%) and COM08 (64.71%) are acceptable measures, although these items require further development and attention to achieve holistic fulfilment. There is only one item, COM03 (59.06%) that is borderline on satisfactory. This item should get immediate management attention to ensure it becomes satisfactory with the aim to achieve excellence. The mean average for Commitment is 69.82%, which is a satisfactory measure of brand loyalty. Further development is however required.

### 4.8.3 Involvement

The mean scores for the questions relating to Involvement can be seen below, indicating what the importance of each question is, but also of the entire factor, in measuring brand loyalty among breeders.

Table 4.28: Mean scores of Involvement

MEAN SCORES OF INVOLVEMENT		
CODE	QUESTION	MEAN
INV01	The benefits that I get from the Eukanuba Loyalty Programme is the reason I remain loyal	58,59%
INV02	The Loyalty Programme is the reason I repeat Eukanuba pet food purchases	53,41%
INV03	The Eukanuba Loyalty Programme and other promotions keep me interested	62,24%
INV04	I remain loyal to the Eukanuba brand as I do not want to lose the Loyalty Programme benefits, such as promotions, discount vouchers and interesting articles	62,47%
INV05	I would consider other pet food brands if it was not for the Loyalty Programme	48,59%
INV06	The Eukanuba brand that I am loyal to, enhances the way I see myself socially	45,53%
INV07	I have a connection with the Eukanuba brand	62,00%
MEAN AVERAGE FOR INVOLVEMENT		55,14%

There are three items, including INV03 (62.24%), INV04 (62.47%) and INV07 (62%) that have mean values that are satisfactory and needs to be developed to become excellent, increasing the levels of satisfaction. The mean values of INV01 (58.59%), INV02 (53.41%), INV05 (48.59%) and INV06 (45.53%) are less significant in the measure of brand loyalty among breeders, resulting in less satisfaction that is required.

The mean average for Involvement is 55.14%, indicating that management should give urgent attention in further developing these items.

**4.8.4 Brand Trust**

The mean scores for the questions relating to Brand Trust can be seen below, indicating what the importance of each question is, but also of the entire factor, in measuring brand loyalty among breeders.

Table 4.29: Mean scores of Brand Trust

MEAN SCORES OF BRAND TRUST		
CODE	QUESTION	MEAN
BTS01	I have confidence in Eukanuba pet food	85,65%
BTS02	Eukanuba pet food is consistently of high quality	85,41%
BTS03	Eukanuba products make a difference in my pet's life	80,82%
BTS04	I am loyal because I trust the Eukanuba brand	81,53%
BTS05	My Eukanuba pet food brand loyalty is based on product quality and expected performance	81,18%
BTS06	My loyalty towards Eukanuba pet food is purely a habit	73,53%
MEAN AVERAGE FOR BRAND TRUST		81,35%

There are five items relating to Brand Trust that have mean percentages above the 75% requirement set for excellence and satisfaction. These items include BTS01 (85.65%), BTS02 (85.41%), BTS03 (80.82%), BTS04 (81.18%) and BTS05 (81.18%). The only mean that just fall below the 75% measure is BTS06 (73.53%) which requires management intervention. The mean average for Brand Trust is 81.35%. Brand Trust is therefore a good measure of brand loyalty among breeders and should be maintained to keep it at that the level it is currently in.

#### 4.8.5 Family/Culture

The mean scores for the questions relating to Family/Culture (see Table 4.30) indicate what the importance of each question is, but also of the entire factor, in measuring brand loyalty among breeders.

Table 4.30: Mean scores of Family/Culture

MEAN SCORES OF FAMILY/CULTURE		
CODE	QUESTION	MEAN
CUL 01	My loyalty towards Eukanuba pet food is influenced by my family	39,29%
CUL02	My choice of Eukanuba pet food is influences by other members in my race group	38,47%
CUL03	Religion plays a role in my choice and loyalty towards Eukanuba products	31,76%
CUL04	The fact that my family use Eukanuba products encourages me to trust the brand	44,59%
MEAN AVERAGE FOR FAMILY/CULTURE		38,53%

The four items relating to Family/Culture all have a mean far below the 60% target, indicating that serious management intervention is required to improve on these items. The four items are CUL01 (39.29%), CUL02 (38.47%), CUL03 (31.76%) and CUL04 (44.59%). The mean average for Family/Culture is therefore less important in the measure of brand loyalty, as the mean average of 38.53% fall far below the requirement.

#### 4.8.6 Repeat Purchase

The mean scores for the questions relating to Repeat Purchase can be seen below, indicating what the importance of each question is, but also of the entire factor, in measuring brand loyalty among breeders.

Table 4.31: Mean scores of Repeat Purchase

MEAN SCORES OF REPEAT PURCHASE		
CODE	QUESTION	MEAN
RPS01	I always buy the same Eukanuba pet food and seldom try something else	50,82%
RPS02	I do not necessarily purchase the same Eukanuba pet food all the time	52,82%
RPS03	I always sample new Eukanuba products as soon as they are on the shelf	48,24%
MEAN AVERAGE FOR REPEAT PURCHASE		50,63%

All three the items forming part of Repeat Purchase, including RPS01 (50.82%), RPS02 (52.82%) and RPS03 (48.24%) fall below the 60% benchmark set, with a mean average of 50.63%. This item is therefore not of great importance and should be managed to ensure improvement.

#### 4.8.7 Brand Affect

The mean scores for the questions relating to Brand Affect can be seen below, indicating what the importance of each question is, but also of the entire factor, in measuring brand loyalty among breeders.

Table 4.32: Mean scores of Brand Affect

MEAN SCORES OF BRAND AFFECT		
CODE	QUESTION	MEAN
BAF01	I am upset when the Eukanuba pet food I purchase is out of stock	78,12%
BAF02	I do not switch pet food brand because of the effort it takes to switch	41,06%
MEAN AVERAGE FOR BRAND AFFECT		59,59%

The mean average for Brand Affect is 59.59%, indicating that it is unsatisfactory in its measure of brand loyalty with less importance. There are two items forming part of Brand Affect, including BAF01 (78.12%) which is satisfactory and BAF02 (41.06%) which is unsatisfactory. Increased attention should therefore be given to BAF02, which will increase the mean average for Brand Affect.

**4.9 SUMMARY OF MEAN VALUES**

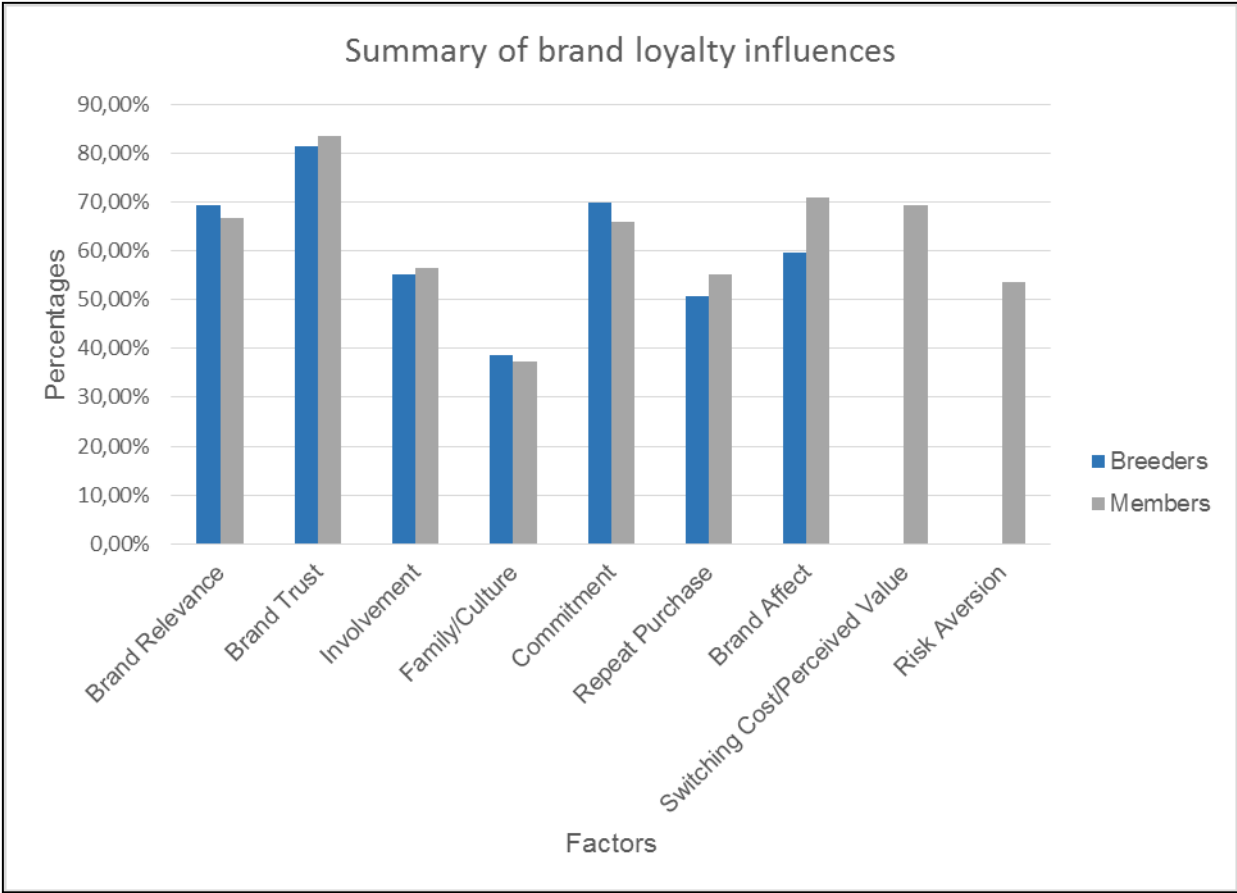
The mean averages of both the Loyalty Programme members and the Breeders’ club members are summarised in Table 4.33 and Table 4.34 below followed by a brief discussion.

Table 4.33 Summary of brand loyalty influences of Loyalty Programme members and Breeders’ club members

Description	Influence %	
	Members	Breeders
Brand Relevance	66.74%	69,38%
Brand Trust	83.48%	81,35%
Involvement	56.60%	55,14%
Family/Culture	37.41%	38,53%
Commitment	66.01%	69,82%
Repeat Purchase	55.27%	50,63%
Brand Affect	70.95%	59,59%
Switching Cost/Perceived Value	69.46%	xxx
Risk Aversion	53.63%	xxx

A graphic representation of the brand loyalty influences of Loyalty Programme members and Breeders' club members follow.

Table 4.34 Summary of brand loyalty influences



The summary of the brand loyalty influences indicates the following:

**4.9.1 Members**

There are five factors/influences that have a mean in excess of 60%, indicating that these items are adequate in measuring brand loyalty among Loyalty Programme members. The five factors/influences are Brand Relevance, Brand Trust, Commitment, Brand Affect and Switching Cost. These items are satisfactory but should be maintained by the management.

There are four factors/influences that fall below the minimal mean of 60%, indicating these items are an inadequate measure of brand loyalty among Loyalty Programme members. This includes the factors Involvement, Family/Culture, Repeat Purchase and Risk Aversion. The mean average for Loyalty Programme members across the nine factors are 62.17% and should be managed to ensure greater satisfaction and brand loyalty.

#### **4.9.2 Breeders**

There are three factors/influences that have a mean in excess of 60% indicating that these items are adequate in measuring brand loyalty among Breeders' club members. The three factors/influences are Brand Relevance, Brand Trust and Commitment.

There are four factors/influences that fall beneath the minimal mean of 60%, indicating these items are an insufficient measure of brand loyalty among Breeders' club members. This includes the factors Involvement, Family/Culture, Repeat Purchase and Brand Affect. The mean average for the seven factors/influences of Breeders' club members are 60.63%. The mean average is therefore borderline, falling into the acceptable range by 0.63%. The loyalty of breeders should therefore be managed to ensure increased levels of brand loyalty among Breeders' club members to achieve excellence.

#### **4.10 SPEARMAN CORRELATIONS**

A Spearman's rank correlation was conducted to test if there is a monotone relationship between influences of brand loyalty and demographics (annual income and age). A Spearman's rank correlation, which tests the strength of the relationship between two items, was chosen instead of the Pearson correlation, as it is not limited to linear relationships. Elliot and Woodward (2007:192) indicates that a monotone relationship is when the one value increases or decreases in the same manner as another value, with values ranging between -1 and 1.

Table 4.35 and 4.36 graphically illustrates the Spearman's rank-order correlation.

Table 4.35 Spearman's rank-order correlation members

Correlations

			Question1	Question4	Brand Trust	Involvement	Commitment	Repeat Purchase	Brand Affect	Brand Relevance	Family Culture	Switching Cost/Perceived value	Risk Aversion
Spearman's rho	Question1	Correlation Coefficient	1,000	,055	,029	.161*	,096	.145*	,024	,049	,096	,068	.140*
		Sig. (2-tailed)		,426	,684	,023	,182	,044	,738	,482	,185	,339	,048
		N	209	209	200	200	196	193	193	209	193	200	200
	Question4	Correlation Coefficient	,055	1,000	-,091	-,075	-,012	-,078	-,187**	-,093	,047	-,037	-,040
		Sig. (2-tailed)	,426		,201	,288	,865	,279	,009	,182	,512	,600	,575
		N	209	209	200	200	196	193	193	209	193	200	200

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 4.36 Spearman's rank-order correlation Breeders

Correlations

			Question1	Question4	Brand Trust	Involvement	Commitment	Repeat Purchase	Brand Affect	Brand Relevance	Family Culture	Switching Cost/Perceived value	Risk Aversion
Spearman's rho	Question1	Correlation Coefficient	1,000	,017	,038	,077	,137	,114	-,005	,004	-,014	,113	,087
		Sig. (2-tailed)		,805	,596	,278	,058	,125	,947	,955	,854	,109	,221
		N	205	205	201	201	192	183	183	205	176	201	201
	Question4	Correlation Coefficient	,017	1,000	,030	-,060	,021	-,101	-,001	-,017	-,055	,144*	,053
		Sig. (2-tailed)	,805		,669	,398	,768	,175	,992	,809	,470	,042	,451
		N	205	205	201	201	192	183	183	205	176	201	201

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

Although there were items with correlations found to be significant at the 0.05 and 0.01 levels for both the Loyalty Programme members and Breeders' club members, the correlation had a very low score. The items were therefore not highly correlated to each other.

#### **4.11 SUMMARY**

This chapter presented the results of the empirical study conducted on the Loyalty Programme members and the Breeders' club members.

The chapter addressed the following key aspects of the empirical study:

- Research methodology and conceptual model (Moolla & Bisschoff, 2012b:107) utilised
- Statistical analysis, including a factor analysis, Kaiser-Meyer-Olkin measuring sampling adequacy, Bartlett's test of sphericity, Cronbach Alpha and Spearman's Correlation
- Analysis and discussion of the results

The results of the empirical research therefore indicates that an adapted questionnaire can be utilised in measuring the brand loyalty of Loyalty Programme members and Breeders' club members, with the identification of brand loyalty factors influencing these groups and the importance of each factor. Chapter five is the final chapter of the study, highlighting the conclusions, recommendations and areas identified for future research.

# **CHAPTER 5 – CONCLUSIONS AND RECOMMENDATIONS**

## **5.1 INTRODUCTION**

Chapter five presents the conclusions and recommendations deduced from the study of brand loyalty in the pet food industry of South Africa. The study have also assisted in identifying possible future research that will aid in clarifying and explaining brand loyalty in the pet food industry. The chapter will also conclude what the differences are (if any) between different loyalty programme groups presenting an adapted framework that emerged from the findings.

## **5.2 CONCLUSIONS**

The following conclusions can be drawn from the study:

### **Conclusion 1a**

The results cannot be generalised to the entire Loyalty Programme population, as the sample drawn (1066 members) was not representative of the population, although the responses were adequate (209 respondents). A convenience sample was therefore utilised. If it is a requirement to get accurate information that will be representative of the population, the study needs to be conducted on a representative sample.

### **Conclusion 1b**

The questionnaire was distributed to the entire Breeders' club (1047 members) with an adequate number of responses (205 responses). The results of the Breeders' club members are therefore indicative of the brand loyalty of the entire Breeders' club population.

### **Conclusion 2**

The model designed by Moolla and Bisschoff (2012a:82) could successfully be adapted to include nine concepts with 38 questions. The questionnaire was administered to a sample of 1066 Loyalty Programme members and 1047 Breeders' club members.

### **Conclusion 3**

A factor analysis was justified when the results of the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy test and the Bartlett's test of sphericity is taken into account. The data of the study was also found to be reliable when the Cronbach Alpha was analysed.

### **Conclusion 4a**

After an exploratory factor analysis using Varimax rotation of the measuring instrument, nine influences was identified relating to the Loyalty Programme members and eight influences relating to the Breeders' club members. It can therefore be concluded that the measurement of brand loyalty varies from that of the FMCG sector as seen in the study by Moolla and Bisschoff (2012b).

### **Conclusion 4b**

The exploratory factor analysis indicates that the measurement of brand loyalty not only varies from that of the FMCG sector, but also varies between different loyalty programmes, targeting different customers. In this study, variations are seen between Loyalty Programme members purchasing for household consumption and breeders forming part of the Breeders' club which uses the product as a consumable in their business.

### **Conclusion 5a**

When the mean responses are analysed for the Loyalty Programme members, five factors/influences have found to be adequate in measuring brand loyalty among Loyalty Programme members. The five factors/influences are Brand Relevance, Brand Trust, Commitment, Brand Affect and Switching Cost. These items are satisfactory but should be maintained by the management.

The mean responses of Breeders' club members resulted in the identification of three factors/influences adequate in measuring brand loyalty. The three factors/influences are Brand Relevance, Brand Trust and Commitment.

### **Conclusion 5b**

It can be concluded that although some factors/influences were adequate in measuring brand loyalty among the breeders and the members, managerial attention is required on the factors/influences that were not up to standard. Increased focus is therefore required for the factors Involvement, Family/Culture, Repeat Purchase and Risk Aversion of the Loyalty Programme members, and Involvement, Family/Culture, Repeat Purchase and Brand Affect of the Breeders' club members.

### **Conclusion 6**

The Spearman's rank-order correlation conducted on both the Loyalty Programme members and Breeders' club members did not bear any statistically noteworthy results, even though there were items with correlations found to be significant at the 0.05 and 0.01 levels.

## **5.3 RECOMMENDATIONS**

### **Recommendation 1**

It is clear from the statistical results analysed (Conclusions 2, 3, 4a, 4b, 5a and 5b) that the adapted nine factor/influence model created can be successfully used in the measurement of brand loyalty among Loyalty Programme members and Breeders' club members.

### **Recommendation 2**

The research conducted on the Loyalty Programme members only focused on a small sample within the population, gathered utilising the customer database supplied to the researcher (convenience sample). It is therefore recommended that the study will be conducted on a much larger scale on a representative sample to ensure that the research can be generalised.

### **Recommendation 3**

The holding company for the brand does not only have the rights for distribution within South Africa, but includes other African countries as well. It is therefore recommended to conduct the brand loyalty study within these African countries. The results will assist in characterising the customer and loyalty programme member, aiding in creating distinguishable or comparative factors between countries.

### **Recommendation 4**

Improving factors identified with low mean scores (see Conclusion 5b) but also focusing on improving factors with high mean scores (see Conclusion 5a) are vital in improving brand loyalty among Loyalty Programme and Breeders' club members. A recommendation is therefore put forward to drive and focus brand loyalty factors/influences.

### **Recommendation 5**

It is recommended that a customer profile should be generated from the research, which will ensure that future marketing efforts and brand awareness campaigns focus on the target market. The research will also aid in ensuring that brand loyalty concerns can be identified and addressed in future, safeguarding the brand's market share.

### **Recommendation 6**

A recommendation to replicate the study on pet owners in South Africa is also made. This will help to understand the market better and the role of specific retailers and brands within the South African market.

## **5.4 BRAND LOYALTY FRAMEWORK**

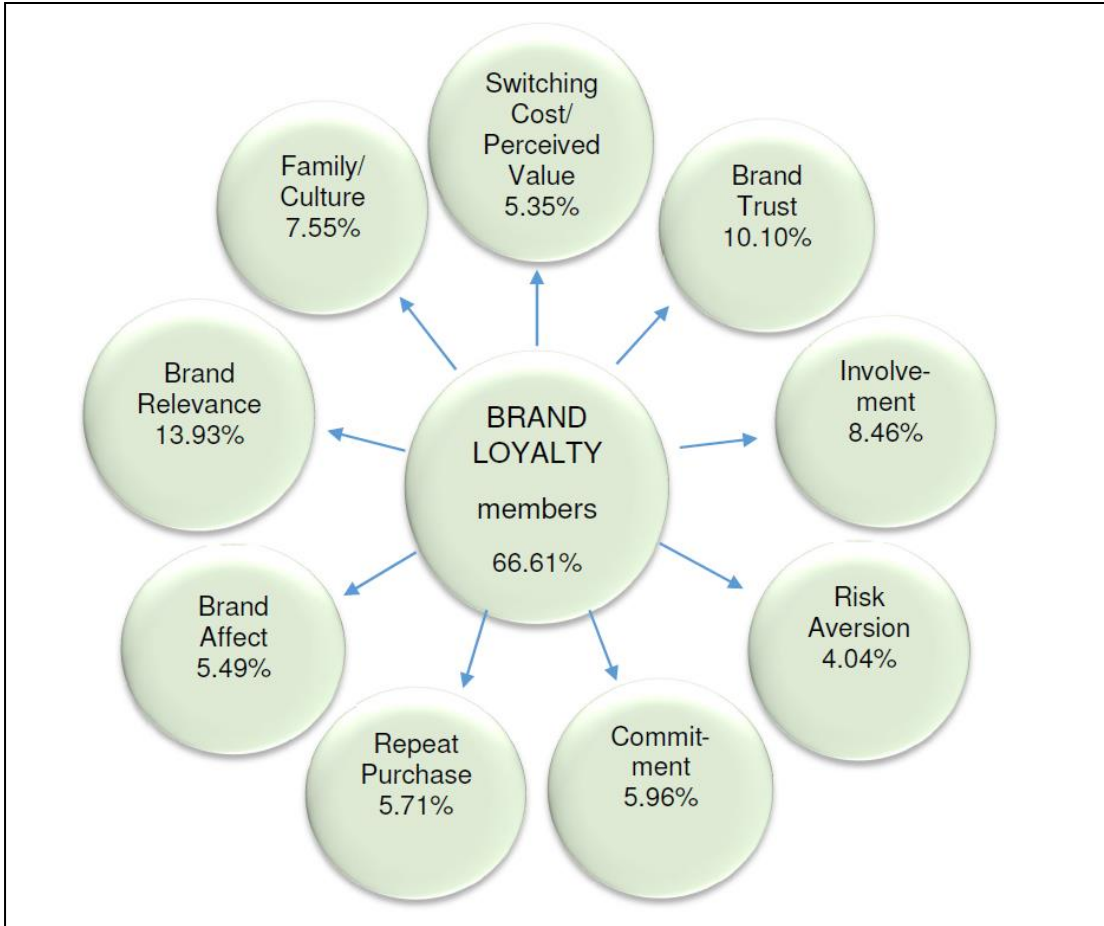
An adaptation from Moolla and Bisschoff's brand loyalty framework (2012a:82) can be created from the empirical research conducted in Chapter four for brand loyalty among Loyalty Programme members and brand loyalty among Breeders' club members. The two conceptual models follow in section 5.4.1 and section 5.4.2.

**5.4.1 Eukanuba Loyalty Programme – Conceptual brand loyalty model**

A conceptual model can be created in the measure of brand loyalty of Loyalty Programme members. The conceptual model is based on the factor analysis conducted in Chapter four, which resulted in the identification of nine factors in total.

The conceptual model indicates the variance explained by each factor and the total variance explained by the nine factors in total.

Figure 5.1: Eukanuba Loyalty Programme – Conceptual brand loyalty model

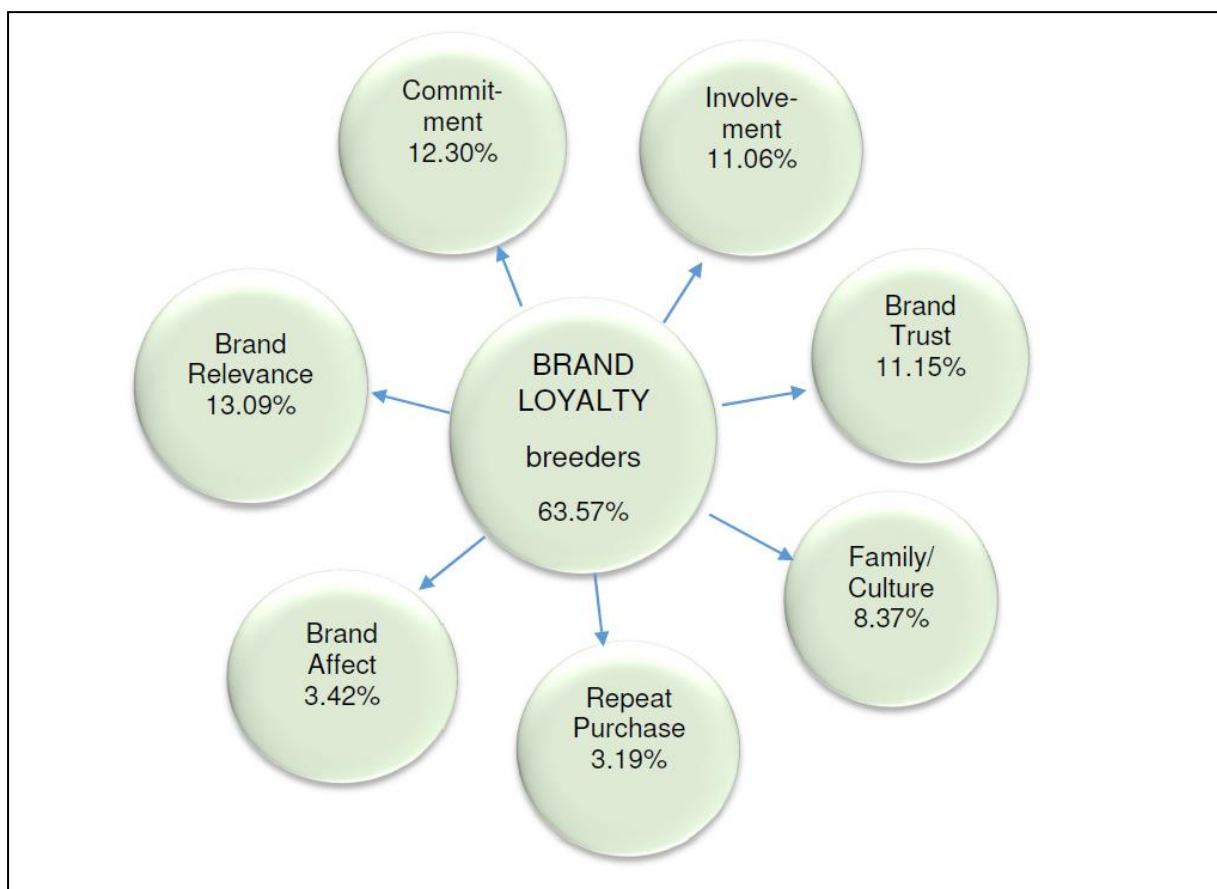


Source: Adapted from Moolla and Bisschoff (2012a:82)

### 5.4.2 Eukanuba Breeders' club members – Conceptual brand loyalty model

A conceptual model can be created in the measure of brand loyalty of Breeders' club members. The conceptual model is based on the factor analysis conducted in Chapter four, which resulted in the identification of seven factors in total. The conceptual model indicates the variance explained by each factor and the total variance explained by the seven factors in total.

Figure 5.2: Eukanuba Breeders' club members – Conceptual brand loyalty model



Source: Adapted from Moolla and Bisschoff (2012a:82)

## **5.5 ETHICAL CONSIDERATIONS**

It is of great importance to ensure that avoidance of harm, informed consent, deception of respondents, violation of privacy and confidentiality is taken into consideration when the ethics of the study is considered (De Vos *et al.*, 2005:196). The results sent to management, should not include any measurement that can be traced back to a certain individual, therefore the results were only analysed at a group level.

All the Loyalty Programme members have knowingly and willingly opted to partake in the Loyalty Programme and marketing information linked to the programme. The initial agreement states that the Loyalty Programme members' personal information will not be shared with third parties. Information will therefore have to be dealt with according to the initial agreement. The respondents' name and surname was not included in the analysis, only the email addresses. The email address in itself could however lead to the identification of an individual, depending on the email address used by the respondent.

Self-selection sampling, which forms part of non-probability sampling, where the units of analysis can choose if they would like to respond after the sample units have been asked to participate, will be used (Welman *et al.*, 2005:69). This coincides with ethical practice to ensure no guidance takes place to force participation with the member's full consent.

## **5.6 FUTURE RESEARCH**

The research conducted relates to brand loyalty of a specific brand. Further research into the pet food industry of South Africa and abroad is therefore necessary to ensure that the results can be refined to characterise the brand loyalty within the industry.

Research into the different tiers that can be found within the pet food industry, including the grocer, non-grocer and speciality segment will add value. This will enable comparisons between the different tiers customer character traits. The brand loyalty

model developed within this study can also be utilised to determine the loyalty between different product categories. Unpacking the brand loyalty relating to moist, semi-moist and dry pet food will lead to greater insight.

Future research should also focus on other determinants of brand loyalty and buying behaviour including the impact of variables within the channel through which products are sold. The determinants that would require further investigation includes the impact of veterinarians, sales representatives and shop assistants.

## **5.7 SUMMARY**

The study contributed in creating a valid and reliable conceptual framework that is of a practical nature, measuring brand loyalty among loyalty programme members. The framework includes measures of brand loyalty that can be organised according to their importance within a particular setting. The results obtained from this study, can be useful in creating a complete service and product offering. This offering will assist in attracting and retaining satisfied customers, but also provides useful information around spending habits of consumers. A framework to identify the brand loyalty characteristics forming part of the customer profile of the international pet food brand can be established based on the results.

The company will benefit from the research, as the feedback can be supplied to veterinarians and speciality stores to help with marketing efforts, as the veterinarians and speciality stores are the direct sellers to the public. New product and packaging development can also be aligned with the customer branding perceptions and requirements.

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## ANNEXURE 1

Dear Eukanuba Loyalty Programme Member

Your kind assistance is requested in completing this questionnaire. This quick questionnaire is just 6 pages long and will take you approximately 5 minutes or less to complete and is all multiple choice or grid based answers. Please complete all the questions in all the sections so that we can improve our service to you.

Stand a chance to WIN!

All successfully completed survey entries will go into a draw to win three month's supply of Eukanuba Dog or Cat Food for one of the pets in your household. Entries close 13 June 2014 and standard T's & C's apply. Any questions or comments? Contact us toll free on 0800 00 4267 or email [eukanuba@cuberoute.co.za](mailto:eukanuba@cuberoute.co.za)

### Background information

The purpose of the questionnaire is to obtain information with regard to the consumer brand loyalty of Eukanuba customers, like yourself, who currently form part of the Loyalty Programme. The study will be used as a tool to indicate which brand loyalty concepts are of importance to Eukanuba customers.

By completing this survey you agree that the information you provide may be used for research purposes.

Know that you are free to decide not to participate and complete the survey, or withdraw at any time.

The data given for this survey is anonymous and we, as researchers, will have no way of connecting the given information you provide to you personally.

The researcher(s) and Eukanuba undertake to keep each individual's information (provided herein) confidential; not to let it out of their possession, and to analyse results only at a group level. The information gathered from this questionnaire will be utilised by the company to gain insight into customers' perceptions of brand loyalty and will measure marketing efforts accordingly.

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### \*1. In which age group do you fall?

≤18

19-29

30-39

40-49

50-59

60+

### \*2. What is your gender?

Male

Female

### \*3. What is your marital status?

Single

Married

Divorced

Widow/er

**\*4. What is your annual income?**

- |   |   |
|---|---|
| <input type="radio"/> ≤R100 000           | <input type="radio"/> R500 001- R1000 000 |
| <input type="radio"/> R100 001 - R250 000 | <input type="radio"/> R1000 001≤          |
| <input type="radio"/> R250 001- R 500 000 |   |

**\*5. What is your race?**

- |                                |                              |
|--------------------------------|------------------------------|
| <input type="radio"/> Black    | <input type="radio"/> Indian |
| <input type="radio"/> White    | <input type="radio"/> Other  |
| <input type="radio"/> Coloured |                              |

**\*6. How many dogs do you have?**

- |                         |                            |
|-------------------------|----------------------------|
| <input type="radio"/> 1 | <input type="radio"/> 4    |
| <input type="radio"/> 2 | <input type="radio"/> 5<   |
| <input type="radio"/> 3 | <input type="radio"/> none |

**\*7. How many cats do you have?**

- |                         |                            |
|-------------------------|----------------------------|
| <input type="radio"/> 1 | <input type="radio"/> 4    |
| <input type="radio"/> 2 | <input type="radio"/> 5<   |
| <input type="radio"/> 3 | <input type="radio"/> none |

**8. How old is your dog/s?**

**9. How old is your cat/s?**

**\*10. What is your most regularly purchased Eukanuba product?**

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## Section B

Please rate the extent to which you agree or disagree with the following statements by making an "x" in the appropriate box according to the 5 point scale:

disagree completely  
disagree  
neither agree or disagree  
agree; and  
agree completely

**\*11. I might switch pet food brands because of the high cost involved**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*12. I do not switch pet food brands because of the effort it takes to switch**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*13. I avoid switching pet food brands due to the risks involved**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*14. I stick to Eukanuba because high quality pet food is value for money**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*15. I remain loyal to the Eukanuba brand as I do not want to lose the Loyalty Programme benefits, such as promotions, discount vouchers and interesting articles**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*16. I am loyal because I trust the Eukanuba brand**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*17. I have confidence in Eukanuba pet food**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*18. Eukanuba pet food is consistently of high quality**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*19. I remain loyal to Eukanuba because of their reputation**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*20. The benefits that I get from the Eukanuba Loyalty Programme is the reason I remain loyal**

- |   |
|---|
| <input type="radio"/> disagree completely       |
| <input type="radio"/> disagree                  |
| <input type="radio"/> neither agree or disagree |
| <input type="radio"/> agree                     |
| <input type="radio"/> agree completely          |

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**\*21. The Eukanuba Loyalty Programme and other promotions keep me interested**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*22. I would consider other pet food brands if it was not for the Loyalty Programme**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*23. My choice of a pet food brand is influenced by others**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*24. My Eukanuba pet food brand loyalty is based on product quality and expected performance**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*25. I have a connection with the Eukanuba brand**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*26. I believe Eukanuba pet food is worth the price I pay**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*27. The Eukanuba brand that I am loyal to, enhances the way I see myself socially**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*28. I believe that I am a loyal Eukanuba client**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*29. I do not purchase/sample other pet food brands if Eukanuba is unavailable**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*30. I identify with the brand and feel as if I am part of the Eukanuba community**

- disagree completely
- disagree
- neither agree or disagree
- agree
- agree completely

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**\*31. The more committed I am to Eukanuba, the more loyal I become**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*32. I remain committed to Eukanuba even when it becomes difficult to do so**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*33. My loyalty towards Eukanuba pet food is purely a habit**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*34. I do not necessarily purchase the same Eukanuba pet food all the time**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*35. I always sample new Eukanuba products as soon as they are on the shelf**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*36. I always buy the same Eukanuba pet food and seldom try something else**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*37. The Loyalty Programme is the reason I repeat Eukanuba pet food purchases**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*38. Buying the Eukanuba brand leaves me with a positive feeling**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*39. Eukanuba products make a difference in my pet's life**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*40. I am upset when the Eukanuba pet food I purchase is out of stock**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

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**\*41. Eukanuba stands for issues that actually matter**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*42. Eukanuba has fresh ideas and portrays a positive contribution in general**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*43. I know that Eukanuba pet food is relevant as it is sold through my vet**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*44. Eukanuba pet food products are constantly updating and improving**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*45. My choice of Eukanuba pet food is influenced by other members in my race group**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*46. My loyalty towards Eukanuba dog food is influenced by my family**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*47. Religion plays a role in my choice and loyalty towards Eukanuba products**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

**\*48. The fact that my family use Eukanuba products encourages me to trust the brand**

- |   |  |
|---|--|
| <input type="radio"/> disagree completely       | <input type="radio"/> agree            |
| <input type="radio"/> disagree                  | <input type="radio"/> agree completely |
| <input type="radio"/> neither agree or disagree |  |

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